

NULIS Nominees (Australia) Limited
ABN 80 008 515 633
Annual Financial Report 2015

NULIS Nominees (Australia) Limited
Table of contents

	Page
Directors' report	1
Auditor's independence declaration	3
Financial Statements	
Statement of comprehensive income	4
Balance sheet	5
Cash flow statement	6
Statement of changes in equity	7
Notes to the financial statements	
1 Significant accounting policies	8
2 Revenue	13
3 Income tax	13
4 Cash and cash equivalents	13
5 Receivables	13
6 Payables	13
7 Contributed equity	14
8 Retained profits	14
9 Notes to the Cash flow statement	14
10 Contingent liabilities	15
11 Remuneration of external auditor	15
12 Related parties	16
13 Financing arrangements	16
14 Risk management information	17
15 Subsequent events	18
Directors' declaration	19
Independent auditor's report	20

NULIS Nominees (Australia) Limited

Directors' report

The Directors present their report together with the general purpose financial statements of NULIS Nominees (Australia) Limited (Company) for the year ended 30 September 2015 and the auditor's report thereon.

Certain definitions

The Company's financial year ends on 30 September. The financial year ended 30 September 2015 is referred to as 2015 and other financial years are referred to in a corresponding manner. Any discrepancies between total and sums of components in tables contained in this report and the accompanying financial statements are due to rounding.

Rounding

Pursuant to Australian Securities and Investment Commission (ASIC) Class order 98/100 dated 10 July 1998, the Company has rounded off amounts in this report and the accompanying financial statements to the nearest dollar, except where indicated.

Directors

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

Name	Appointed	Resigned
M K Clancy	1 October 2009	
E J Horton	28 May 2014	
T J Hunt	1 March 2013	
T C McCredden	28 May 2014	
P O'Neal	14 February 2011	
J J Reid	1 October 2009	
N S Smith	1 October 2009	

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

Principal activity

The Company is a for-profit entity and its principal activity during the year was acting as corporate trustee. There were no significant changes in the nature of the activity of the Company during the financial year.

Corporate information

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

Review and results of operations

The profit after income tax for the year ended 30 September 2015 was \$38,871 (2014: \$39,832). This profit was attained in the normal course of operations of the Company.

Dividends

There have been no dividends paid or proposed by the Company since the end of the previous financial year (2014: nil paid or proposed).

State of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year.

Environmental regulation and performance

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

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

Events subsequent to the end of the reporting period

On 28 October 2015, NAB announced its intention to sell 80% of the Group's Life Insurance business to Nippon Life. The transaction is expected to be completed in late 2016, subject to certain conditions including regulatory approvals, establishment of the Life Insurance business as a standalone entity, extraction of the superannuation business from MLC Limited and the finalisation of certain agreements. NAB has also announced that the existing superannuation fund business will be simplified and rationalised. The financial impact of the proposed restructure on the Company cannot be estimated at this time.

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

Likely developments

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

Indemnification and insurance of officers and auditor

(i) Indemnification

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

(ii) Insurance premiums

During the financial year premiums were paid by a related entity in respect of contracts insuring Directors and officers for liability and legal expenses for the year ended 30 September 2015. Since the financial year end, the related entity has paid or agreed to pay, premiums in respect of such insurance contracts for the year ending 30 September 2016. Such insurance contracts insure against certain liabilities (subject to specific exclusions) for persons who are or have been Directors or executive officers of the Company.

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act* 2001 (Cth) is set out on page 3.

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



Director
Sydney
5 November 2015



Director
Sydney
5 November 2015



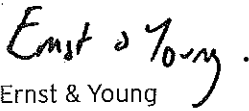
Building a better
working world

Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2846 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

In relation to our audit of the financial report of NULIS Nominees (Australia) Limited for the financial year ended 30 September 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.


Ernst & Young



Graeme McKenzie
Partner
5 November 2015

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2015
Statement of comprehensive income

	Note	2015 \$	2014 \$
Revenue from rendering of services	2	72,000	72,000
Other revenue	2	13,529	14,903
Total revenue		85,529	86,903
NAB guarantee fees		(30,000)	(30,000)
Total expenses		(30,000)	(30,000)
Profit before income tax expense		55,529	56,903
Income tax expense	3	(16,658)	(17,071)
Profit after tax attributable to owners of the Company		38,871	39,832
Other comprehensive income for the period net of tax		-	-
Total comprehensive income for the year attributable to owners of the Company		38,871	39,832

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

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2015
Balance sheet

	Note	2015 \$	2014 \$
Current assets			
Cash and cash equivalents	4	655,812	642,283
Receivables	5	73,551	31,551
Total current assets		729,363	673,834
Total assets		729,363	673,834
Current liabilities			
Payables	6	79,734	63,076
Total current liabilities		79,734	63,076
Total liabilities		79,734	63,076
Net assets		649,629	610,758
Equity			
Contributed equity	7	250,000	250,000
Retained profits	8	399,629	360,758
Total equity		649,629	610,758

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

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2015
Cash flow statement

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Cash receipts in the course of operations		72,000	72,000
Interest received		13,529	16,112
Bank charges		(30,000)	(30,000)
Income tax paid		(17,071)	(31,551)
Net cash flows from operating activities	9(b)	38,458	26,561
Cash flows used in investing activities			
Loan to commonly controlled entity		(24,929)	(10,449)
Net cash flows used in investing activities		(24,929)	(10,449)
Cash flows from financing activities			
Net cash flows from financing activities		-	-
Net increase in cash and cash equivalents		13,529	16,112
Cash and cash equivalents at the beginning of the year		642,283	626,171
Cash and cash equivalents at the end of the year	9(a)	655,812	642,283

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

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2015
Statement of changes in equity

	Contributed equity \$	Retained profits \$	Total \$
Year to 30 September 2014			
Balance as at 1 October 2013	250,000	320,926	570,926
Net profit for the year	-	39,832	39,832
Other comprehensive income	-	-	-
Total comprehensive income	-	39,832	39,832
Balance as at 30 September 2014	250,000	360,758	610,758
Year to 30 September 2015			
Balance as at 1 October 2014	250,000	360,758	610,758
Net profit for the year	-	38,871	38,871
Other comprehensive income	-	-	-
Total comprehensive income	-	38,871	38,871
Balance as at 30 September 2015	250,000	399,629	649,629

⁽¹⁾ Refer to Note 7 for further details.

⁽²⁾ Refer to Note 8 for further details.

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

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2015
Notes to the financial statements

1 Significant accounting policies

The financial report for NULIS Nominees (Australia) Limited (Company) for the year ended 30 September 2015 was authorised for issue on 5 November 2015 in accordance with a resolution of the Directors. The Directors have the power to amend and reissue the financial statements.

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

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

(a) Basis of preparation

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

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

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

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

(b) Statement of compliance

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

(c) New and amended accounting standards and interpretations

(i) Changes in accounting policy and disclosure

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

(ii) Early adoptions

AASB 9 Financial Instruments

The Company elected to early adopt AASB 9 which was applied retrospectively from 1 October 2014. In accordance with the transition requirements, comparatives are not restated. The Company elected an accounting policy choice under AASB 9 to continue to apply the hedge accounting requirements under AASB 139 Financial Instruments: Recognition and measurement.

The early adoption of AASB 9 had no material impact to the Company.

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2015
Notes to the financial statements

1 Significant accounting policies (continued)

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

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

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

(d) Currency of presentation

All amounts are expressed in Australian dollars unless otherwise stated.

(e) Rounding of amounts

In accordance with Australian Securities and Investments Commission Class Order 98/100 dated 10 July 1998, all amounts have been rounded to the nearest dollar, except where indicated.

(f) Revenue recognition

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

(i) Interest revenue

Interest revenue is brought to account on an accruals basis when the Company obtains control of the right to receive the income.

(ii) Revenue from rendering of services

Fees for ongoing investment management services and for other services are charged on a regular basis. Revenue is recognised over the period the service is provided.

(g) Income tax

(i) Current income tax

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

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

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2015
Notes to the financial statements

1 Significant accounting policies (continued)

(ii) Deferred income tax

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

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

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

(iii) Tax consolidation

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

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

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

(iv) Goods and services tax

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

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

(h) Cash and cash equivalents

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

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2015
Notes to the financial statements

1 Significant accounting policies (continued)

(i) Financial instruments

(i) Recognition and derecognition of financial instruments

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

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

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

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

(ii) Offsetting

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

(j) Trade and other receivables

Trade debtors and GST receivables are generally settled on 60 day terms and are recognised and carried at amortised costs less an allowance for any uncollectible amounts. Given the short term nature of most receivables, the recoverable amount approximates fair value.

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

(k) Payables

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

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

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2015
Notes to the financial statements

1 Significant accounting policies (continued)

(l) Contributed equity

Ordinary shares

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

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

(m) Critical accounting assumptions and estimates

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

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

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

(n) Indemnity

For the year ended 30 September 2015, the Company acted as corporate Trustee for MLC Pooled Superannuation Trust, MLC Superannuation Fund, DPM Retirement Service and PremiumChoice Retirement Service (the Funds).

The Company has an indemnity from the Funds, for which it acts as Trustee, for the liabilities incurred in its capacity as Trustee. The indemnity pursuant to the Trust Deed is limited to the assets of the Funds.

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2015
Notes to the financial statements

2 Revenue

	2015 \$	2014 \$
Revenue from rendering of services		
Trustee service fee revenue	72,000	72,000
Other revenue		
Interest revenue	13,529	14,903
	<u>85,529</u>	<u>86,903</u>

3 Income tax

(a) Income tax expense is made up of:

Current income tax charge	16,658	17,071
---------------------------	--------	--------

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

	2015 \$	2014 \$
Profit before income tax	55,529	56,903
Prima facie income tax expense calculated at 30%	16,658	17,071
Total income tax expense	<u>16,658</u>	<u>17,071</u>

4 Cash and cash equivalents

Cash at bank		
Ultimate parent entity	655,812	642,283

5 Receivables

Related party receivables		
Immediate parent entity	73,551	31,551

All receivables are expected to be settled within 12 months.

6 Payables

Related party payables		
Ultimate parent entity - tax related	16,658	6,075
Commonly controlled entity	63,076	57,001
	<u>79,734</u>	<u>63,076</u>

All payables are expected to be settled within 12 months.

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2015
Notes to the financial statements

7 Contributed equity

	2015 \$	2014 \$
Issued and paid-up capital		
250,000 ordinary shares, fully paid	250,000	250,000

8 Retained profits

	2015 \$	2014 \$
Balance at beginning of year	360,758	320,926
Net profit attributable to members of the Company	38,871	39,832
Total available for appropriation	399,629	360,758
Dividends paid	-	-
Balance at end of year	399,629	360,758

9 Notes to the Cash flow statement

(a) Reconciliation of cash and cash equivalents

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

	2015 \$	2014 \$
Cash at bank	655,812	642,283

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

	2015 \$	2014 \$
Profit after tax	38,871	39,832
Change in assets and liabilities		
Decrease in receivables	-	1,209
Decrease in payables	(413)	(14,480)
Net cash from operating activities	38,458	26,561

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2015
Notes to the financial statements

10 Contingent liabilities

The Directors are not aware of any contingent liabilities that may become payable or contingent assets that may be receivable other than those disclosed in Note 13. The Company has indemnities for any liabilities it incurs while acting in its capacity as Trustee as outlined in Note 1(n).

11 Remuneration of external auditor

	2015 \$	2014 \$
Total amounts paid or due and payable to Ernst & Young Australia⁽¹⁾:		
Audit fees		
Audit of the financial statements	52,606	46,038
Audit of the Funds	186,872	140,625
Total audit fees	239,478	186,663
Audit-related fees		
Regulatory services	20,700	20,700
Total audit-related fees	20,700	20,700
Other services	46,250	72,960
Total remuneration of Ernst & Young Australia	306,428	280,323

⁽¹⁾ Amounts exclude goods and services tax.

Audit fees consist of fees for the audit of the annual financial statements of the Company and the Funds for which the Company is Trustee.

Audit-related fees (regulatory) consist of fees for services required by statute or regulation that are reasonably related to the performance of the audit or review of the Company's financial statements and which are traditionally performed by the external auditor. This sub-category includes engagements where the external auditor is required by statute, regulation or regulatory body to attest to the accuracy of the Company's stated capital adequacy or other financial information or to attest to the existence or operation of specified financial controls.

Other services consist of fees for assurance and related services that are not required by statute or regulation but are reasonably related to the performance of the audit or review of the Company's financial statements and which are traditionally performed by the external auditor.

These fees are paid by a related party.

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2015
Notes to the financial statements

12 Related parties

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

Key management personnel compensation

	2015	2014
	\$	\$
Short-term employee benefits	583,253	554,583
Post-employment benefits	38,228	30,924
Other long term benefits	4,729	-
Share-based payments	87,591	86,604
	<u>713,801</u>	<u>672,111</u>

Costs in relation to key management personnel are paid by a related entity.

Non-Director related parties

Transactions

All transactions with non-Director related parties are interest free and unsecured. Amounts receivable from and payable to non-Director related parties are shown in Note 5 and Note 6.

Transactions between the Company and related parties during the year ended 30 September 2015 consisted of the following:

	2015	2014
	\$	\$
<i>Revenue from rendering of trustee services</i>		
Commonly controlled entities		
Navigator Australia Limited	72,000	72,000
<i>Interest revenue</i>		
Ultimate parent entity	13,529	14,903
<i>Tax payments</i>		
Ultimate parent entity	17,071	31,551
<i>Other payments</i>		
Immediate parent entity	30,000	30,000
<i>Audit fee</i>		
Commonly controlled entity	<u>306,428</u>	<u>280,323</u>

13 Financing arrangements

The company has access to the following lines of credit:

Total facilities available		
Bank guarantee	<u>5,000,000</u>	<u>5,000,000</u>

The line of credit has not been utilised in the current or prior financial year.

National Australia Bank provides an unconditional and irrevocable bank guarantee of \$5 million to National Wealth Management Holdings Limited for the benefit of the Company in order for it to comply with its Registrable Superannuation Entity (RSE) Licence.

The Australian Prudential Regulatory Authority has approved the bank guarantee for the purpose of the Company's RSE License Requirements.

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2015
Notes to the financial statements

14 Risk management information

Risk management

The Company is a member of the NAB Group and seeks to apply its governance and risk management framework. The NAB's Board has established a formal 'risk appetite statement' to help business units appropriately manage risk, return and capital. The NAB's approach to risk management is based on the overriding principle that risk management capability must be embedded within each business to be effective. This principle is designed to help ensure:

- All business decisions pro-actively consider risk;
- Business managers use the risk management and capital management frameworks to help balance risk and reward components;
- Employees have the knowledge and tools to complete their work effectively and efficiently;
- All employees are responsible for risk management in their day-to-day activities; and
- Risk management is a core competency for all employees.

In addition, NAB Wealth has an Executive Risk Committee comprised of senior executives, which serves to provide a senior leadership focus on key risks within the NAB Wealth business.

Derivative financial instruments

The Company does not use derivative financial instruments.

Risks and mitigation

The Company's financial instruments are related party receivables and payables. The key risks faced by the Company are credit risk, liquidity risk and market risk (including interest rate risk).

(a) Credit risk

Credit risk represents the risk of loss arising from the failure of a counterparty to meet its obligations as contracted. The credit risk on financial assets of the Company, which have been recognised in the Balance sheet are the carrying amount, net of any provisions for doubtful debts. The related party receivable is with a AA- rated Company.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, equity prices and foreign exchange rates.

The Company is not exposed to equity price risk or foreign exchange rate risk.

(c) Interest rate risk

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

Cash and cash equivalents from related parties earn interest. No other financial assets or liabilities are subject to interest rate risk.

Interest rate sensitivity analysis

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

Change in interest rates	Impact on profit		Impact on equity	
	2015	2014	2015	2014
	\$	\$	\$	\$
+ 100 basis points	6,559	6,423	6,559	6,423
- 100 basis points	(6,559)	(6,423)	(6,559)	(6,423)

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

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2015
Notes to the financial statements

14 Risk management information (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting commitments associated with financial liabilities.

The Company manages liquidity risk by ensuring that there is adequate access to reserves, banking facilities and borrowing commitments through ongoing monitoring of actual and forecasted cash flows.

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

(e) Capital risk management

The Company's key objectives and principles for managing capital are to satisfy regulatory requirements, maintain business and operational requirements and ensure the Company's ability to continue as a going concern.

Regulatory capital is the capital which the Company is required to hold as determined by legislative and regulatory requirements. During the year the Company has complied with all externally imposed capital requirements.

In complying with APRA's Prudential Standard SPS 114 "Operational Risk Financial Requirement" (ORFR), the Company has taken steps to ensure the operational risk reserve is met by the required date of 30 June 2016. The transitional requirements allow the reserve to be established within three years of the effective date, 1 July 2013. The ORFR strategy which was revised by the Board during this financial year, allows for certain reserves to be held in the Funds and anticipates that further amounts will be raised and held by the Company during the year ending 30 June 2016.

Management regularly monitors compliance with internal and external capital requirements.

Other than the changes in relation to the ORFR strategy, the capital risk management strategy is unchanged from the prior year.

15 Subsequent events

On 28 October 2015, NAB announced its intention to sell 80% of the Group's Life Insurance business to Nippon Life. The transaction is expected to be completed in late 2016, subject to certain conditions including regulatory approvals, establishment of the Life Insurance business as a standalone entity, extraction of the superannuation business from MLC Limited and the finalisation of certain agreements. NAB has also announced that the existing superannuation fund business will be simplified and rationalised. The financial impact of the proposed restructure on the Company cannot be estimated at this time.

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

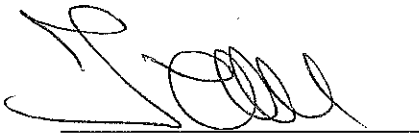
NULIS Nominees (Australia) Limited
Directors' declaration

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

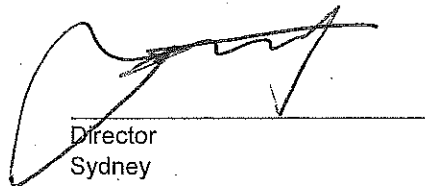
In the opinion of the Directors:

- (a) the financial statements of the Company are in accordance with the *Corporations Act 2001 (Cth)*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 September 2015 and its performance for the year ended on that date;
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1(b); and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Director
Sydney
5 November 2015



Director
Sydney
5 November 2015



Building a better
working world

Ernst & Young
680 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

Independent auditor's report to the members of NULIS Nominees (Australia) Limited

We have audited the accompanying financial report of NULIS Nominees (Australia) Limited (the "Company"), which comprises the balance sheet as at 30 September 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report and have 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. We confirm that the Auditor's Independence Declaration would be in the same terms if given to the directors as at the time of this auditor's report.



Building a better
working world

Opinion

In our opinion:

- a. the financial report of NULIS Nominees (Australia) Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the company's financial position as at 30 September 2015 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Ernst & Young

Ernst & Young

Graeme McKenzie
Partner
Sydney
5 November 2015

