

**NULIS Nominees (Australia) Limited**  
**ABN 80 008 515 633**  
**Annual Financial Report 2016**

# NULIS Nominees (Australia) Limited

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

The Directors present their report together with the general purpose financial statements of NULIS Nominees (Australia) Limited (Company) for the year ended 30 September 2016 and the auditor's report thereon.

### **Certain definitions**

The Company's financial year ends on 30 September. The financial year ended 30 September 2016 is referred to as 2016 and other financial years are referred to in a corresponding manner. Any discrepancies between total and sums of components in tables contained in this report and the accompanying financial statements are due to rounding.

### **Rounding**

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

### **Directors**

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

<b>Name</b>	<b>Appointed</b>	<b>Resigned</b>
M K Clancy	1 October 2009	15 December 2015
E J Horton	28 May 2014	
T J Hunt	1 March 2013	
A Gale	26 October 2016	
T C McCredden	28 May 2014	
P O'Neal	14 February 2011	
J J Reid	1 October 2009	
A N Schoenheimer	26 August 2016	
N S Smith	1 October 2009	

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

### **Principal activity**

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

On 9 May 2016, the Company was appointed as trustee of the newly created MLC Super Fund (MSF). Consequently, the Company's revenue and expenses have increased to reflect the trustee activities performed by the Company for the MSF.

On 27 June 2016, the Company took responsibility for holding the Operational Risk Financial Requirement (ORFR) reserve for all the RSEs.

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

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

### **Corporate information**

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

### **Review and results of operations**

The profit after income tax for the year ended 30 September 2016 was \$38,935,000 (2015: \$39,000). The increase in 2016 profit is attributable to the appointment of the Company as the corporate trustee of the newly created MLC Super Fund.

### **Dividends**

There have been no dividends paid or proposed by the Company since the end of the previous financial year (2015: nil paid or proposed).

### **State of affairs**

On 1 July 2016, the Successor Fund Merger (SFM) transaction was completed, with the underlying investment assets and members of the following registered superannuation entities being transferred to the newly created MSF under the trusteeship of the Company:

- The Universal Super Scheme;
- Plum Superannuation Fund;
- Plum Pooled Superannuation Trust;
- Worsley Alumina Superannuation Fund;
- BHP Billiton Superannuation Fund; and
- National Australia Bank Group Superannuation Fund A.

Consequently, the Company's revenue and expenses have increased in 2016 to reflect the trustee activities performed by the Company for the MSF.

In preparation for the SFM transaction, the following occurred:

- In May 2016, the Company's parent entity changed from MLC Wealth Management Limited to National Wealth Management Services Limited (NWMS).
- On 9 May 2016, the Company was appointed the trustee of the MSF.
- On 27 June 2016, the Company issued \$245 million of ordinary shares to NWMS. This was principally to fund the Operational Risk Financial Requirement (ORFR) reserve which is prescribed by the Australian Prudential Regulation Authority (APRA) Prudential Standard SPS 114 Operational Risk Financial Requirement.

### **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**

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

### **Likely developments**

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

### **Indemnification and insurance of officers and auditor**

#### *(i) Indemnification*

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

#### *(ii) Insurance premiums*

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

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

### **Auditor's independence declaration**

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

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



Director  
Sydney  
3 November 2016



Director  
Sydney  
3 November 2016



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

As lead auditor for the audit of NULIS Nominees (Australia) Limited for the financial year ended 30 September 2016, 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.

A handwritten signature in cursive script that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'David Jewell'.

David Jewell  
Partner  
3 November 2016

**NULIS Nominees (Australia) Limited**  
**Financial statements for the year ended 30 September 2016**  
**Statement of comprehensive income**

	Note	2016 \$'000	2015 \$'000
Revenue from rendering of services	2	188,424	72
Other revenue	2	1,483	14
<b>Total revenue</b>		<b>189,907</b>	<b>86</b>
Commission and adviser related expenses		(62,634)	-
Management fee expense		(51,521)	-
Investment management and custody fees		(13,190)	-
NAB guarantee fees		(55)	(30)
Other expenses		(4,233)	-
<b>Total expenses</b>		<b>(131,633)</b>	<b>(30)</b>
<b>Profit before income tax expense</b>		<b>58,274</b>	<b>56</b>
Income tax expense	3	(19,339)	(17)
<b>Profit after tax attributable to owners of the Company</b>		<b>38,935</b>	<b>39</b>
Other comprehensive income for the period net of tax		-	-
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b>38,935</b>	<b>39</b>

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 2016**  
**Balance sheet**

	Note	2016 \$'000	2015 \$'000
<b>Current assets</b>			
Cash and cash equivalents	4	205,396	656
Receivables	5	148,116	74
<b>Total current assets</b>		<b>353,512</b>	<b>730</b>
<b>Non-current assets</b>			
Financial assets	7	67,933	-
Deferred tax assets	6	114	-
<b>Total non-current assets</b>		<b>68,047</b>	<b>-</b>
<b>Total assets</b>		<b>421,559</b>	<b>730</b>
<b>Current liabilities</b>			
Payables	8	135,035	80
<b>Total current liabilities</b>		<b>135,035</b>	<b>80</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	6	1,939	-
<b>Total non-current liabilities</b>		<b>1,939</b>	<b>-</b>
<b>Total liabilities</b>		<b>136,974</b>	<b>80</b>
<b>Net assets</b>		<b>284,585</b>	<b>650</b>
<b>Equity</b>			
Contributed equity	9	245,250	250
Retained profits	10	39,335	400
<b>Total equity</b>		<b>284,585</b>	<b>650</b>

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 2016**  
**Cash flow statement**

	Note	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>			
Fees and other income received		67,362	72
Interest received		77	14
Distributions received		1,102	-
Payments for management fees		(31,980)	-
Other payments for the course of operations		(5,752)	(30)
Payments for commission and adviser related expenses		(3,297)	-
Income tax paid		(17)	(17)
<b>Net cash flows from operating activities</b>	11(b)	27,495	39
<b>Cash flows used in investing activities</b>			
Net payments for investments		(67,755)	-
Loan to commonly controlled entity		-	(25)
<b>Net cash flows used in investing activities</b>		(67,755)	(25)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		245,000	-
<b>Net cash flows from financing activities</b>		245,000	-
<b>Net increase in cash and cash equivalents</b>		204,740	14
<b>Cash and cash equivalents at the beginning of the year</b>		656	642
<b>Cash and cash equivalents at the end of the year</b>	11(a)	205,396	656

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 2016**  
**Statement of changes in equity**

	Note	Contributed equity \$'000	Retained profits \$'000	Total \$'000
<b>Year to 30 September 2015</b>				
Balance as at 1 October 2014		250	361	611
Net profit for the year		-	39	39
Other comprehensive income		-	-	-
Total comprehensive income		-	39	39
Total transactions with owners		-	-	-
<b>Balance as at 30 September 2015</b>		<b>250</b>	<b>400</b>	<b>650</b>
<b>Year to 30 September 2016</b>				
Balance as at 1 October 2015		250	400	650
Net profit for the year		-	38,935	38,935
Other comprehensive income		-	-	-
Total comprehensive income		-	38,935	38,935
<i>Transactions with owners, recorded directly in equity:</i>				
Shares issued		245,000	-	245,000
Total transactions with owners		245,000	-	245,000
<b>Balance as at 30 September 2016</b>		<b>245,250</b>	<b>39,335</b>	<b>284,585</b>

(1) Refer to Note 9 for further details.

(2) Refer to Note 10 for further details.

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

**NULIS Nominees (Australia) Limited**  
**Financial statements for the year ended 30 September 2016**  
**Notes to the financial statements**

**1 Significant accounting policies**

The general purpose financial report for NULIS Nominees (Australia) Limited (Company) for the year ended 30 September 2016 was authorised for issue on 3 November 2016 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.

**(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 Company has elected not to present consolidated financial statements as permitted by paragraph 4 of AASB 10 Consolidated Financial Statements. Consolidated financial statements that comply with International Financial Reporting Standards are produced by the ultimate parent company, National Australia Bank Ltd (NAB), incorporated in Australia. These consolidated financial statements are publicly obtainable from Level 1, 800 Bourke Street, Docklands, Victoria 3008, Australia.

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

Comparative information may be 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).



**NULIS Nominees (Australia) Limited**  
**Financial statements for the year ended 30 September 2016**  
**Notes to the financial statements**

**1 Significant accounting policies (continued)**

**(c) New and amended accounting standards and interpretations**

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

*(i) Changes in accounting policy and disclosure*

The Company has adopted the following new and amended standards and interpretations as of 1 October 2015 with no material impact:

AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'

AASB 2014-9 'Amendments to Australian Accounting Standards - Equity method in separate financial statements'

AASB 2015-1 'Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'

AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'

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

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

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

AASB 2016-1 'Amendments to Australian Accounting Standards Recognition of Deferred Tax Assets for Unrealised Losses' amends AASB 112 Income Taxes (July 2014) and AASB 112 Income Taxes (August 2015) to clarify the requirements on recognition of deferred tax assets on realised losses on debt instruments measured at fair value. The impact of this amendment is still being assessed and is not applicable to the Company until 1 October 2018.

AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107' amends AASB 107 Statement of Cash Flows (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The impact of this amendment 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.

**NULIS Nominees (Australia) Limited**  
**Financial statements for the year ended 30 September 2016**  
**Notes to the financial statements**

**1 Significant accounting policies (continued)**

**(e) Rounding of amounts**

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

**(f) Revenue and expense recognition**

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

*(i) Interest revenue*

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

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

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

*(iii) 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.

*(iv) Fees for trustee services*

Revenue from rendering of services represents fees for trustee services provided and is recognised over the period of service.

*(v) Management fee expense*

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

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

**(g) Income tax**

*(i) Current income tax*

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

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



**NULIS Nominees (Australia) Limited**  
**Financial statements for the year ended 30 September 2016**  
**Notes to the financial statements**

**1 Significant accounting policies (continued)**

**(g) Income tax (continued)**

*(ii) Deferred income tax*

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

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

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

*(iii) Tax consolidation*

NAB and its wholly owned Australian resident entities, 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 2016**  
**Notes to the financial statements**

**1 Significant accounting policies (continued)**

**(i) Financial instruments**

*(i) Recognition and derecognition of financial instruments*

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

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

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

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

*(ii) Offsetting*

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

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

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

**(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) Provisions and contingent liabilities**

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

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



**NULIS Nominees (Australia) Limited**  
**Financial statements for the year ended 30 September 2016**  
**Notes to the financial statements**

**1 Significant accounting policies (continued)**

**(l) Payables**

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

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

**(m) Contributed equity**

*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 all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

**(n) Critical accounting assumptions and estimates**

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

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

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

**(o) Indemnity of the Trustee**

For the year ended 30 September 2016, the Company acted as corporate trustee (Trustee) for MLC Pooled Superannuation Trust, MLC Superannuation Fund, DPR Retirement Service and Premium Choice Retirement Service and MLC Super Fund (together "the underlying RSEs"). The Company has indemnity from the underlying funds for the liabilities incurred in its capacity as Trustee. The indemnity pursuant to the Trust Deed is limited to the assets of the underlying RSEs.

**NULIS Nominees (Australia) Limited**  
**Financial statements for the year ended 30 September 2016**  
**Notes to the financial statements**

**2 Revenue**

	2016 \$'000	2015 \$'000
Revenue from rendering of services		
Trustee service fee revenue	72	72
Management fee revenue	188,352	-
	<u>188,424</u>	<u>72</u>
Other revenue		
Distribution revenue	1,102	-
Interest revenue	203	14
Net unrealised gains on financial assets at fair value	278	-
Net realised (losses) on financial instruments at fair value	(100)	-
	<u>1,483</u>	<u>14</u>
	<u>189,907</u>	<u>86</u>

**3 Income tax**

	2016 \$'000	2015 \$'000
<b>(a) Income tax expense is made up of:</b>		
<b>Total income tax charge to income</b>		
Current tax		
Current income tax charge	(17,514)	(17)
Deferred tax	(1,825)	-
<b>Total income tax charge to income</b>	<u>(19,339)</u>	<u>(17)</u>

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

	2016 \$'000	2015 \$'000
Profit before income tax	58,274	56
Prima facie income tax expense calculated at 30%	(17,483)	(17)
Recognition of deferred tax on purchased asset	(1,856)	-
<b>Total income tax expense</b>	<u>(19,339)</u>	<u>(17)</u>

**4 Cash and cash equivalents**

	2016 \$'000	2015 \$'000
Cash at bank		
Ultimate parent entity	31,351	656
Other	1,470	-
Other liquid assets	172,575	-
	<u>205,396</u>	<u>656</u>

**NULIS Nominees (Australia) Limited**  
**Financial statements for the year ended 30 September 2016**  
**Notes to the financial statements**

**5 Receivables**

	2016 \$'000	2015 \$'000
Trade debtors	444	-
Accrued income	18,211	-
Related party receivables		
Commonly controlled entity	100	-
Immediate parent entity	-	74
Other entities	129,361	-
	148,116	74

All receivables are expected to be settled within 12 months

**6 Deferred tax assets/liabilities**

	2016 \$'000	2015 \$'000
<b>Deferred tax assets</b>		
Advisor incentives	114	-
	114	-
<b>Deferred tax liabilities</b>		
Unrealised gains on financial assets	1,939	-
	1,939	-

**7 Financial assets**

	2016 \$'000	2015 \$'000
Investments in interest bearing securities	25,603	-
Investments in controlled unit trusts	42,330	-
	67,933	-

**8 Payables**

	2016 \$'000	2015 \$'000
Accrued expenses	16,871	-
Other creditors	5,814	-
Related party payables		
Commonly controlled entity	94,836	63
Ultimate parent entity - tax related	17,514	17
	135,035	80

All payables are expected to be settled within 12 months.



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**9 Contributed equity**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares, fully paid		
Balance at beginning of year	250	250
Shares issued	245,000	-
<b>Total ordinary shares, fully paid</b>	<b>245,250</b>	<b>250</b>
<b>Total shares, fully paid</b>	<b>245,250</b>	<b>250</b>
	<b>No. '000</b>	<b>No. '000</b>
Ordinary shares, fully paid		
Balance at beginning of year	250	250
Shares issued	245,000	-
<b>Total ordinary shares, fully paid</b>	<b>245,250</b>	<b>250</b>

**10 Retained profits**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of year	400	361
Net profit attributable to members of the Company	38,935	39
Total available for appropriation	39,335	400
Dividends paid	-	-
<b>Balance at end of year</b>	<b>39,335</b>	<b>400</b>

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**11 Notes to the Cash flow statement**

**(a) Reconciliation of cash and cash equivalents**

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

	2016 \$'000	2015 \$'000
Cash at bank and cash equivalents	205,396	656

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

	2016 \$'000	2015 \$'000
Profit after tax	38,935	39
Add non-cash items		
Unrealised gains on financial assets	(178)	-
Net cash from operating activities before change in assets and liabilities	38,757	39
Change in assets and liabilities		
Increase in receivables	(148,016)	-
Increase in payables	134,929	-
Increase in deferred tax assets	(114)	-
Increase in deferred tax liabilities	1,939	-
Net cash from operating activities	27,495	39

**12 Contingent liabilities**

The Company may from time to time be exposed to contingent liabilities and potential claims in respect of the activities of the underlying funds for which it acts as Trustee as outlined in Note 1(o). As at the date of this report, there are no contingent liabilities where the underlying funds are not expected to have sufficient assets to indemnify the Company as appropriate.

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**13 Remuneration of external auditor**

	2016 \$	2015 \$
<b>Total amounts paid or due and payable to Ernst &amp; Young Australia<sup>(1)</sup>:</b>		
Audit fees		
Audit of the financial statements	225,635	52,606
Audit of the superannuation funds	-	-
<b>Total audit fees</b>	<b>225,635</b>	<b>52,606</b>
Audit-related fees		
Regulatory services	21,321	20,700
<b>Total audit-related fees</b>	<b>21,321</b>	<b>20,700</b>
Other services	74,600	46,250
<b>Total remuneration of Ernst &amp; Young Australia</b>	<b>321,556</b>	<b>119,556</b>

<sup>(1)</sup> Amounts exclude goods and services tax.

Audit fees consist of fees for the audit of the annual financial statements of the Company and the underlying funds for which the Company is Trustee and are paid by a related entity.

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.

The fees are paid by a related party, except for those disclosed in the Statement of comprehensive income.

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**14 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**

	2016 \$'000	2015 \$'000
Short-term employee benefits	1,250	583
Post-employee benefits	45	38
Other long term benefits	10	5
Share-based payments	295	88
	1,600	714

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 8.

Transactions between the Company and related parties during the year ended 30 September 2016 consisted of the following:

	2016 \$'000	2015 \$'000
Commonly controlled entities		
nabInvest Capital Partners Limited - Asset management	(2,982)	-
Navigator Australia Limited - Trustee services	72	72
MLC Wealth Management Limited - NAB guarantee	(55)	(30)
MLC Investments Limited - Managed assets	4,894	-
GWM Adviser Services Limited - Distribution allowance	(8,336)	-
JANA Investment Advisors Pty Limited - Advisory services	(10,208)	-
Immediate parent entity		
NWMS - Management services	(51,521)	-
NWMS - Commission	(53,916)	-
NWMS - Audit fee	(594)	(306)
Ultimate parent entity		
NAB - Interest income and bank fees	47	14
NAB - Tax payment	(17)	(17)
Other related entities		
MLC Super Fund	188,352	-
	188,352	-



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**15 Financing arrangements**

	2016 \$'000	2015 \$'000
Total facilities available	5,000	5,000
Bank guarantee		

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 Licence Requirements.

**16 Risk management information**

**Risk management**

The Company has established a formal risk management framework, comprising of "Risk Appetite Statement" and "Risk Management Strategy". This helps the business units that support the Company's activities appropriately identify and manage risk. As a member of the NAB Group, in setting its Risk Appetite, the Company also has regard to the Risk Appetite of NAB.

Consistent with the NAB Group, the Company'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.

**Derivative financial instruments**

The Company does not use derivative financial instruments.

**Risks and mitigation**

The Company's financial instruments are receivables, financial assets 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 receivable assets which have been recognised in the Balance sheet, are the carrying amount net of any provisions for doubtful debts. The majority of the Company's receivable balance is with the MLC Super Fund.

The Company investments in interest-bearing securities are with counterparties that have at least AA-credit risk rating. The investments in unlisted unit trusts are unrated.

**(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 foreign exchange rate risk.



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**16 Risk management information (continued)**

**(b) Market risk (continued)**

*(i) Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. Bank deposits and investments in interest-bearing securities with variable interest exposure are subject to interest rate sensitivity.

**Interest rate sensitivity analysis**

The following table demonstrates managements estimated likely pre-tax impact of a change in the interest rate, with all other variables held constant, on the Company's profit before tax and equity.

Change in interest rates	Impact on profit		Impact on equity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
+ 100 basis points	1,014	7	1,014	7
- 100 basis points	(1,014)	(7)	(1,014)	(7)

*(ii) Equity and other price risk*

Equity and other price risk is the risk that the fair value of equities and unit prices increase or decrease as a result of changes in market prices, whether these changes are caused by factors specific to an individual stock or factors affecting all instruments, or classes of instruments, in the market. To mitigate the impact of equity and other price risk the investment process ensures there is diversification of equity exposures.

The Company's equity price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices.

**Equity and other price risk sensitivity analysis**

The following table demonstrates managements estimated likely pre-tax impact of a change in equity indices, with all other variables held constant, on the Company's profit before tax and equity. The Company had no exposure in 2015 as it did not hold financial assets.

Changes in price as disclosed in this note are based on an analysis of the yearly change in relevant market indices over the last 10 years. These represent what is considered to be a reasonably possible change rather than extreme fluctuations that may occur from time to time. As such, actual future market movement may differ.

2016	Change in price		Impact on profit \$'000	
	+	-	+	-
Australian equities	26%	-15%	4,886	(2,819)
International equities	26%	-14%	7,747	(4,171)
Property equities	34%	-26%	728	(558)

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

**(c) Liquidity risk**

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

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

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

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**16 Risk management information (continued)**

**(d) Capital risk management**

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

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.

The Company is Trustee for a number of superannuation entities. As such, the requirements of APRA's Prudential Standard SPS 114 "Operational Risk Financial Requirement" (ORFR) are applicable to the Company. Consistent with the Company's ORFR Strategy, the ORFR balance is held in the Company as permitted by SPS 114. The ORFR balance was created just prior to 30 June 2016, to ensure compliance with SPS 114 for the underlying RSEs, including the newly created MLC Super Fund.

Management regularly monitors compliance with internal and external capital requirements.

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

**(e) Fair Value Measurements**

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

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

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

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

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

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

**Fair value measurement as at 30 September 2016**

	(Level 1) \$'000	(Level 2) \$'000	(Level 3) \$'000	Total \$'000
<b>Financial assets</b>				
Unlisted unit trusts	-	42,330	-	42,330
Interest bearing securities	-	25,603	-	25,603
<b>Total financial assets measured at fair value</b>	-	67,933	-	67,933

The Company held no financial assets at 30 September 2015.

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**17 Subsequent events**

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

**NULIS Nominees (Australia) Limited**  
**Directors' declaration**

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

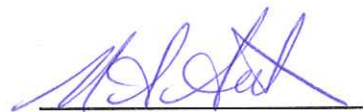
In the opinion of the Directors:

- (a) the financial statements of the Company are in accordance with the *Corporations Act 2001* (Cth), including:
  - (i) giving a true and fair view of the Company's financial position as at 30 September 2016 and its performance for the year ended on that date;
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1(b); and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Director  
Sydney  
3 November 2016



Director  
Sydney  
3 November 2016



## **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 2016, 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 have 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 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 Company'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 Company'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 attached to 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.



## **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 2016 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



David Jewell  
Partner  
Sydney  
3 November 2016