NULIS Nominees (Australia) Limited
ABN 80 008 515 633
Annual Financial Report 2019

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 (the Company) for the year ended 30 September 2019 and the auditor's report thereon.

Certain definitions

The Company's financial year ends on 30 September. The financial year ended 30 September 2019 is referred to as 2019 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 Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, the Company has rounded off amounts in this report and the accompanying financial statements to the nearest thousand dollars ($'000), except where indicated.

Directors

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

Name	Appointed	Resigned
A C Gale	26 October 2016	
P Gupta	30 November 2016	31 January 2019
T C McCredden	28 May 2014	
P Y O'Neal	14 February 2011	
P J Promnitz	7 December 2017	
A N Schoenheimer	26 August 2016	26 August 2019

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 Registerable Superannuation Entities (RSEs).

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

Corporate information

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

Review and results of operations

The profit after income tax for the year ended 30 September 2019 was $164,884,000 (2018: $188,316,000). This profit was attained in the normal course of operations of the Company.

Dividends

Dividends paid or proposed by the Company since the end of the previous financial year were $173,000,000 (2018: $162,800,000).

State of affairs

During 2018, NAB announced its intention to exit the Advice, Platform & Superannuation and Asset Management businesses, currently operating under MLC and other brands. Progress is being made to enable MLC to operate as a stand alone business within the NAB Group as it continues preparations for a targeted public market exit during 2020 while keeping options open for all forms of exit. The Company's ultimate parent entity is expected to change when the exit process is complete.

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

Environmental regulation and performance

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

Events subsequent to the end of the reporting period

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

Likely developments

Information about likely developments in the operations of the Company and the expected results of those operations in future financial years have 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 executed or is in the process of executing deeds of indemnity in favour of each Director of the Company where required. The Company has not provided an indemnity to the auditor of the Company.

(ii) Insurance premiums

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

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

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

Auditor's independence declaration

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

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

Director
Melbourne
31 October 2019

Director
Melbourne
31 October 2019

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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 2019 I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

David Jewell

David Jewell
Partner
31 October 2019

NULIS Nominees (Australia) Limited
Financial statements for the year ended 30 September 2019
Statement of comprehensive income

	Note	2019 $'000	2018 $'000
Revenue from rendering of services	2	622,829	673,249
Other revenue	2	7,025	9,377
Total revenue		629,854	682,626
Commission and adviser related expenses		(56,387)	(73,515)
Management fee expense		(272,981)	(262,198)
Investment management and custody fees		(38,695)	(41,431)
Other expenses		(26,623)	(36,852)
Total expenses		(394,686)	(413,996)
Profit before income tax expense		235,168	268,630
Income tax expense	3	(70,284)	(80,314)
Profit after tax attributable to owners of the Company		164,884	188,316
Other comprehensive income for the period net of tax		-	-
Total comprehensive income for the year attributable to owners of the Company		164,884	188,316

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 2019
Balance sheet

	Note	2019 $'000	2018 $'000
Current assets			
Cash and cash equivalents	5	115,896	162,089
Receivables	6	78,537	85,772
Financial assets	8	79,700	118,953
Total current assets		274,133	366,814
Non-current assets			
Financial assets	8	176,654	130,670
Deferred tax assets	7	-	3,419
Total non-current assets		176,654	134,089
Total assets		450,787	500,903
Current liabilities			
Payables	9	70,855	104,736
Provisions		251	14,904
Deferred revenue		4,895	-
Total current liabilities		76,001	119,640
Non-current liabilities			
Deferred tax liabilities	7	1,639	-
Total non-current liabilities		1,639	-
Total liabilities		77,640	119,640
Net assets		373,147	381,263
Equity			
Contributed equity	10	245,250	245,250
Retained profits		127,897	136,013
Total equity		373,147	381,263

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 2019
Cash flow statement

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Fees and other income received		621,235	671,179
Payments for management fees		(272,981)	(245,099)
Payments for commission and adviser related expenses		(52,115)	(84,415)
Other payments for the course of operations		(50,275)	(50,600)
Payments for investment management and custody fees		(48,079)	(49,107)
Income tax paid		(71,271)	(59,602)
Net cash flows from operating activities	11(b)	126,513	182,357
Cash flows from investing activities			
Net proceeds from purchase, sale and maturity of investments		294	10,536
Net cash flows from investing activities		294	10,536
Cash flows used in financing activities			
Dividends paid		(173,000)	(162,800)
Net cash flows used in financing activities		(173,000)	(162,800)
Net (decrease)/increase in cash and cash equivalents		(46,193)	30,093
Cash and cash equivalents at the beginning of the year		162,089	131,996
Cash and cash equivalents at the end of the year	11(a)	115,896	162,089

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 2019
Statement of changes in equity

	Note	Contributed [1] equity $'000	Retained profits $'000	Total $'000
Year to 30 September 2018				
Balance as at 1 October 2017		245,250	110,497	355,747
Net profit for the year		-	188,316	188,316
Other comprehensive income		-	-	-
Total comprehensive income		-	188,316	188,316
Transactions with owners, recorded directly in equity:				
Dividends paid	4	-	(162,800)	(162,800)
Total transactions with owners		-	(162,800)	(162,800)
Balance as at 30 September 2018		245,250	136,013	381,263
Year to 30 September 2019				
Balance as at 1 October 2018		245,250	136,013	381,263
Net profit for the year		-	164,884	164,884
Other comprehensive income		-	-	-
Total comprehensive income		-	164,884	164,884
Transactions with owners, recorded directly in equity:				
Dividends paid	4	-	(173,000)	(173,000)
Total transactions with owners		-	(173,000)	(173,000)
Balance as at 30 September 2019		245,250	127,897	373,147

(1) Refer to Note 10 for further details.

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

1 Significant accounting policies

The general purpose financial report for NULIS Nominees (Australia) Limited (the Company) for the year ended 30 September 2019 was authorised for issue on 31 October 2019 in accordance with a resolution of the Directors. The Directors have the power to amend and reissue the financial statements.

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

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

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) (the Act) 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(l) - *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 AASB and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

AASB 15 *Revenue from Contracts with Customers* (AASB 15) became effective for the Company from 1 October 2018. AASB 15 defines principles for recognising revenue and introduces new disclosure requirements. Under AASB 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled to in exchange for transferring goods and services to a customer. Revenue from contracts with customers is disclosed as revenue from rendering of services on the face of the statement of comprehensive income.

The Company has adopted AASB 15 using the cumulative effect method (without practical expedients), which requires the effect of initially applying this standard recognised at the date of initial application (i.e. 1 October 2018). Accordingly, the information presented for 2018 has not been restated (i.e. it is presented as previously reported under AASB 118 Revenue and related interpretations). The initial application of AASB 15 had no impact on the Company's retained earnings but has resulted in certain balances on the statement of comprehensive income being grossed up as the Company was deemed to be acting as principal as opposed to agent for certain contracts.

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

Amendments made to existing standards that are not yet effective are not expected to have a material impact to the Company's financial report.

(d) Currency of presentation

The financial report is presented in Australian dollars, which is the Company's functional and presentation currency.

(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 dollars ($'000), 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) Dividend revenue

Dividend and distribution revenue is recorded in the statement of comprehensive income when the Company obtains control of the right to receive the income.

(ii) Interest revenue

Interest revenue includes interest earned on financial assets measured at fair value through profit or loss and at amortised costs. For financial assets measured at amortised costs, interest income is measured using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the instrument or a shorter period, where appropriate, to the net carrying value of the financial asset.

1 Significant accounting policies (continued)

(f) Revenue and expense recognition (continued)

(iii) 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.

(iv) Revenue from rendering of services

The Company provides investment management and administration services to superannuation funds. These fees are generated through agreements and are generally based on an agreed percentage of the valuation of funds under management. The provision of investment management and administration services is typically a single performance obligation and are earned on a daily basis and generally collected monthly.

Performance fees are earned from some agreements when contractually agreed performance levels are exceeded within specified performance measurement periods. They are only recognised where it is deemed to be a low probability of a significant reversal in future periods. Performance fees are typically earned over one year and are recognised at the end of the performance period. Until the performance fee is definitively determined and is no longer subject to reversal, this balance will be reflected as deferred revenue.

Other fees principally comprise of revenues for other services and are recognised as the relevant service is provided and it is probable that the fee will be collected.

There are no judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers.

(v) Management fee expense

The Company has an agreement with its immediate parent 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.

1 Significant accounting policies (continued)

(g) Income tax (continued)

(ii) Deferred income tax

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

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

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

(iii) Tax consolidation

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

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

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

(iv) Goods and services tax

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

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

1 Significant accounting policies (continued)

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and 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).

(i) Financial instruments

(i) Recognition and derecognition

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 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 legally enforceable right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

1 Significant accounting policies (continued)

(i) Financial instruments (continued)

(iii) Classification and subsequent measurement

Financial instruments measured at fair value through profit or loss (FVTPL)

A financial asset or liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Where a financial asset is measured at fair value, a credit valuation adjustment is included to reflect the credit worthiness of the counterparty, representing the movement in fair value attributable to changes in credit risk. Derivatives are presented as assets when the fair value is positive and as liabilities when the fair value is negative. Net gains and losses, including any interest or dividend income, are recognised in the profit or loss.

Financial instruments measured at amortised cost

Financial instruments measured at amortised cost include trade and other receivables and payables. A financial instrument is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

(iv) Impairment of financial assets

Loss allowances are recognised for expected credit losses (ECLs) on financial assets measured at amortised costs and contract assets. ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive.
- Financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

1 Significant accounting policies (continued)

(j) 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.

(k) Contributed equity

(i) Ordinary shares

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

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

(ii) Capital management

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

1 Significant accounting policies (continued)

(l) 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.

The accounting policies which are most sensitive to the use of judgment, estimates and assumptions are included in the policies below.

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.

Fair value measurement

A significant portion of financial instruments are carried on the balance sheet at fair value.

Where no active market exists for a particular asset or liability, the Company uses a valuation technique to arrive at the fair value, including the use of transaction prices obtained in recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques, based on market conditions and risks existing at reporting date. In doing so, fair value is estimated using a valuation technique that makes maximum use of observable market inputs and places minimal reliance upon entity-specific inputs.

(m) Indemnity of the Trusteee

The company has indemnity from each Registrable Superannuation Entity (RSE) for the liabilites incurred in its capacity as Trustee. The indemnity pursuant to the Trust Deed is limited to the assests of the underlying RSE.

2 Revenue

	2019 $'000	2018 $'000
Revenue from rendering of services		
Investment management and administration fees revenue	618,217	666,517
Other fees revenue	4,612	6,732
	622,829	673,249
Other revenue		
Dividend revenue	19	1,643
Interest revenue[1]	6,198	5,712
Net realised/unrealised gains/(losses) on investments at fair value	808	2,022
	7,025	9,377
	629,854	682,626

[1] Interest revenue on financial assets measured at fair value through profit or loss is $5,216,000 (2018: $4,161,000) and interest revenue on financial assets measured at amortised cost is $982,000 (2018: $1,551,000).

3 Income tax

	2019 $'000	2018 $'000
(a) Income tax expense is made up of:		
Total income tax charge to income		
Current tax		
Current income tax charge	(65,757)	(84,492)
Amounts in relation to prior years	266	267
Deferred tax	(4,793)	3,911
Total income tax charge to income	(70,284)	(80,314)

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

	2019 $'000	2018 $'000
Profit before income tax	235,168	268,630
Prima facie income tax expense calculated at 30%	(70,550)	(80,589)
Amounts in relation to prior years	266	267
Other	-	8
Total income tax expense	(70,284)	(80,314)

4 Dividends paid and proposed

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

	2019 $'000	2018 $'000
Dividends on ordinary and non-redeemable preference shares:		
Interim dividend for 2019: 21.61 cents (2018: 18.67 cents) per share	53,000	45,800
Interim dividend for 2019: 15.90 cents (2018: 47.71 cents) per share	39,000	117,000
Interim dividend for 2019: 19.57 cents (2018: nil) per share	48,000	-
Interim dividend for 2019: 13.46 cents (2018: nil) per share	33,000	-
Total dividends paid by the Company during the year	173,000	162,800

Final dividend

The Directors have not declared a final dividend in respect to the financial year 2019 (2018: nil).

Australian franking credits

The Company does not have a franking account as it is a member of the NAB tax consolidated group.

5 Cash and cash equivalents

	2019 $'000	2018 $'000
Cash at bank		
Ultimate parent entity	90,932	141,266
Other liquid assets		
Ultimate parent entity	8,570	4,715
Other	16,394	16,108
	115,896	162,089

6 Receivables

	2019 $'000	2018 $'000
Trade debtors	592	643
Provision for doubtful debts	(145)	(181)
	447	462
Accrued income	1,614	2,585
Related party receivables		
Commonly controlled entity	1,936	1,399
Other entities	74,540	81,326
	78,537	85,772

7 Deferred tax assets/liabilities

	2019 $'000	2018 $'000
Deferred tax assets		
Provision for doubtful debts	43	54
Accrued expenses	577	544
Provisions	75	4,471
Total deferred tax assets	**695**	**5,069**
Set off against deferred tax liabilities	(695)	(1,650)
Net deferred tax assets	-	**3,419**
Deferred tax liabilities		
Unrealised gains on financial assets	2,334	1,650
Total deferred tax liabilities	**2,334**	**1,650**
Set off against deferred tax assets	(695)	(1,650)
Net deferred tax liability	**1,639**	-

8 Financial assets measured at fair value through profit or loss

	2019 $'000	2018 $'000
Current		
Investments in interest bearing securities	79,700	118,953
	79,700	118,953
Non-Current		
Investments in interest bearing securities	132,302	87,703
Investments in interest bearing securities - ultimate parent entity	19,963	19,736
Investments in unit trusts	24,344	20,795
Other financial assets at fair value through profit or loss	45	2,436
	176,654	130,670

9 Payables

	2019 $'000	2018 $'000
Accrued expenses	8,943	15,162
Other creditors	5,372	6,895
Related party payables		
Commonly controlled entity	27,621	30,057
Immediate parent entity	14,575	32,672
Ultimate parent entity - tax related	13,906	19,950
Other entities	438	-
	70,855	104,736

All payables are expected to be settled within 12 months.

10 Contributed equity

	2019 $'000	2018 $'000
Issued and paid-up capital		
245,250,000 ordinary shares, fully paid	245,250	245,250
	245,250	245,250

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:

	2019 $'000	2018 $'000
Cash at bank and cash equivalents	115,896	162,089

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

	2019 $'000	2018 $'000
Profit after tax	164,884	188,316
Add non-cash items		
Investing activities included in profit	(7,025)	(9,377)
Net cash from operating activities before change in assets and liabilities	157,859	178,939
Change in assets and liabilities		
Decrease in receivables	7,235	4,351
Increase/(decrease) in payables	(33,881)	(11,523)
(Decrease)/increase in provisions	(14,653)	14,904
Increase/(decrease) in deferred revenue	4,895	-
Decrease/(increase) in deferred tax assets	-	(4,314)
Increase/(decrease) in deferred tax liabilities	5,058	-
Net cash from operating activities	126,513	182,357

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(j). 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.

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

13 Other Matters

Plan Service Fees (PSF)

NAB has recognised a provision and has now finalised the payment of refunds to customers who paid a Plan Service Fee (PSF) when they were transferred to the personal division of the relevant corporate superannuation product after ceasing employment. This matter has been the subject of an ASIC investigation. On 6 September 2018, ASIC commenced proceedings in the Federal Court against two NAB group entities, including the Company, in relation to this matter. The potential outcome and total costs associated with these proceedings remain uncertain and are expected to be incurred by NAB.

Royal Commission

The Final Report of the Royal Commission states that the Commissioner will make two referrals to APRA in relation to potential breaches of the *Corporation Act 2001 (Cth)* and the *Superannuation Industry Supervision Act 1993 (Cth).* These referrals relate to potential conflicts of interest in relation to grandfathered commissions at the time of the successor fund transfer on 1 July 2016 and the speed at which accrued default members were transferred to the MySuper product. The outcome of these matters remain uncertain.

14 Remuneration of external auditor

	2019 $	2018 $
Total amounts paid or due and payable to EY Australia[1]:		
Financial statements audit	302,249	314,370
Regulatory compliance audit	80,193	80,193
Assurance over internal controls	159,558	148,558
Assurance services for the managed superannuation funds	999,510	1,131,710
Taxation services for the managed superannuation funds	71,770	371,770
Total remuneration of EY Australia	1,613,280	2,046,601

(1) *Amounts exclude goods and services tax.*

Auditor's remuneration for the Company is paid by the immediate parent entity, National Wealth Management Services Limited.

15 Related parties

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

	2019 $'000	2018 $'000
Short-term employee benefits	1,061	1,412
Post-employee benefits	89	113
	1,150	1,525

Costs in relation to key management personnel are paid by immediate parent entity.

Other related party transactions

Details of cash and cash equivalents held with related parties are disclosed in Note 5 - Cash and cash equivalents. Receivables and payables arising out of related party transactions are non-interest bearing and unsecured. Details of amounts receivable from and payable to related parties are shown in Note 6 - Receivables and Note 9 - Payables.

Transactions between the Company and related parties during the year ended 30 September 2019 consisted of the following:

	2019 $'000	2018 $'000
Revenue received from and (expenses) paid to:		
Commonly controlled entities:		
MLC Asset Management Pty Limited - Asset Management Services	(6,820)	(17,081)
MLC Investments Limited - Asset Management Rebates	11,240	12,776
MLC Asset Management Services Limited - Advisory services	(25,388)	(28,109)
WealthHub Securities Limited - Brokerage related services	(265)	(145)
Godfrey Pembroke Limited - Commissions	(561)	(970)
GWM Adviser Services Limited - Commissions	(8,679)	(11,456)
Meritum Financial group Pty Limited - Commissions	(78)	(2,353)
Apogee Financial Planning Limited - Commissions	(1,141)	(1,871)
Immediate parent entity:		
NWMS - Management services	(272,981)	(262,198)
Ultimate parent entity:		
NAB Ltd - Interest income and bank fees	793	344
NAB Ltd - Tax payments	(61,708)	(65,297)
NAB Ltd - Commissions	(1,346)	(6,646)
NAB Ltd - Custody fees	(480)	(1,467)
Other entities:		
MLC Super Fund - Trustee and administration services	501,608	552,926
MLC Pooled Superannuation Trust	104,418	111,023
MLC Superannuation Fund	6,462	6,870
DPM Retirement Service	824	946
PremiumChoice Retirement Fund	2,881	3,495

16 Risk management information

Risk management overview

This overview is provided to aid the users of the financial statements to understand the context of the financial disclosures required under AASB 7 *Financial Instruments: Disclosures*.

The Company is a subsidiary of NAB and is covered by NAB's Risk Management Framework (RMF). NAB's RMF integrates risk management processes into the NAB's strategic planning, appetite, policies, reporting and governance to ensure that risk is managed effectively and coherently across NAB. NAB's RMF is based on a 'Three Lines of Defence' model. Risk management accountabilities are allocated for risk ownership and functionally independent oversight and assurance across the three lines (see below). These act as the foundation for effective risk management across the organisation.

• First Line - Businesses own and manage risks and controls (including the identification and assessment of risk and controls) within their business and across the value chain in line with appetite.
• Second Line - The Risk function develops and maintains the risk management framework which enables the business to manage the risk and control environment within the Board approved risk appetite.
• Third Line - Internal Audit provides independent assurance over the RMF and its application by the First and Second Lines.

The NAB Board through the Risk Committee and executives promotes awareness of a risk based culture within NAB and supports the establishment by management of an acceptable balance between risk and reward. The Risk Management Strategy is reviewed annually, or more frequently, if there is a material change to the size, business mix and complexity or a material change to NAB's risk profile.

The Company is also a RSE Licensee regulated by the Australian Prudential Regulation Authority (APRA) and is required to have systems for identifying, assessing, managing, mitigating and monitoring material risks that may affect its ability to meet its obligations to beneficiaries. These systems, together with the structures, policies, processes and people supporting them, comprise the Company's own RMF. The Company's RMF specifically takes into account risks arising from NAB Group policy objectives and strategies, and clearly identifies any derivations, linkages or significant differences from the NAB Group risk management policies or functions, as well as the process for monitoring by, or reporting to, the NAB Group on risk management. The Company's Board is ultimately responsible for the Company's RMF and approves the use of any NAB Group policies or functions, and ensures that these policies and functions give appropriate regard to the Company's business operations and its specific requirements.

The Company's Board makes an annual declaration to APRA on risk management in line with APRA's Superannuation Prudential Standard SPS 220 *Risk Management*.

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

16 Risk management information (continued)

(a) Credit risk

Credit risk represents the risk of loss arising from the failure of a counterparty to meet its obligations as contracted.

The Company is not materially exposed to any individual overseas country or region, or any individual counterparty outside of NAB (credit rating: AA-).

Credit quality

The following table sets out the Company's exposure to credit risk and the credit quality of financial instruments at the balance sheet date:

30 September 2019	AAA	A+ to AA+	A- or Lower	No Credit rating	Total
	$	$	$	$	$
Cash and cash equivalents	-	115,896	-	-	115,896
Interest bearing securities	19,383	162,489	35,098	14,995	231,965
Receivables	-	-	-	78,537	78,537
Total	19,383	278,385	35,099	93,532	426,399

30 September 2018	AAA	AA-	A or lower	No credit rating	Total
	$	$	$	$	$
Cash and cash equivalents	-	162,089	-	-	162,089
Interest bearing securities	16,135	128,702	75,748	5,807	226,392
Receivables	-	5,076	-	80,696	85,772
Total	16,135	295,867	75,748	86,503	474,253

(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, foreign exchange rates and price changes. The Company is not exposed to foreign exchange rate risk.

(i) Interest rate risk

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

The Company manages interest rate risk in accordance with the NAB Group policy by maintaining an appropriate mix of fixed and variable rate instruments and the management of maturity dates of interest bearing instruments.

Interest rate risk exposure

The following table sets out the Company's exposure to interest rate risk at the balance sheet date:

	2019 $'000	2018 $'000
Cash and cash equivalents	115,896	162,089
Interest bearing securities	231,965	226,392
Total	347,861	388,481

16 Risk management information (continued)

(b) Market risk (continued)

(i) Interest rate risk (continued)

Interest rate sensitivity analysis

The following table demonstrates the impact on profit after tax and equity to a reasonably possible change in interest rates:

	2019 $'000	2018 $'000
Change in interest rate:		
+ 50 basis points (2018: 100 basis	328	770
- 50 basis points (2018: 100 basis points)	(327)	(776)

(ii) Other price risk

Other price risk is the risk that the fair value of financial instruments may increase or decrease as a result of changes in market prices, whether these changes are caused by factors specific to an individual financial instrument or factors affecting all instruments, or classes of instruments in the market. The Company holds investments in unit trusts and interest bearing securities which are exposed to other price risk.

Other price risk exposure

The following table sets out the Company's exposure to other price risk at the balance sheet date:

	2019 $'000	2018 $'000
Unlisted unit trusts	24,344	20,795
Interest bearing securities	231,965	226,392
Other financial assets at fair value through profit and loss	45	2,436
Total	256,354	249,623

The following table demonstrates the impact on profit after tax and equity to a reasonably possible change in market prices:

	2019 $'000	2018 $'000
Change in market prices:		
+ 10% (2018: 10%)	17,945	17,474
- 10% (2018: 10%)	(17,945)	(17,474)

16 Risk management information (continued)

(c) Liquidity risk

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

Key principles adopted in managing the Company's exposure to liquidity risk include:
- Monitoring the Company's liquidity position on a daily basis, and modelling balance sheet and cash flow information on a periodic basis;
- Maintaining a high quality liquid asset portfolio which supports intra-day operations;
- Operating a prudent funding strategy which limits maturity concentrations;
- Maintaining a contingent funding plan designed to respond to the event of an accelerated outflow of funds from the Company; and
- Requiring the Company to have the ability to meet a range of survival horizon scenarios and liquidity stress scenarios.

The Company's exposure to liquidity risk on financial instruments is limtied to what is disclosed in Note 9 - Payables. All payables are expected to be settled within 12 months.

(d) Capital risk management

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

Regulatory capital is the capital which the Company is required to hold as determined by legislative and regulatory requirements. The requirements of APRA's Prudential Standard SPS 114 "Operational Risk Financial Requirement" (ORFR) are applicable to the Company and sufficient capital was held throughout the year to meet the ORFR. At 30 September 2019 the Company held capital of $281,387,000 (2018: $271,273,000) which would only be utilised to address an operational risk event.

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

16 Risk management information (continued)

(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 vale measurement in its entirety. The fair value hierarchy is as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical financial assets or liabilities.
Level 2 - 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 - 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 2019

	(Level 1) $'000	(Level 2) $'000	(Level 3) $'000	Total $'000
Financial assets				
Unlisted unit trusts	-	24,344	-	24,344
Interest bearing securities	-	231,965	-	231,965
Other financial assets at fair value through profit and loss	-	45	-	45
Total financial assets measured at fair value	-	256,354	-	256,354

Fair value measurement as at 30 September 2018

	(Level 1) $'000	(Level 2) $'000	(Level 3) $'000	Total $'000
Financial assets				
Unlisted unit trusts	-	20,795	-	20,795
Interest bearing securities	-	226,392	-	226,392
Other financial assets at fair value through profit and loss	-	2,436	-	2,436
Total financial assets measured at fair value	-	249,623	-	249,623

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 2019 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

Peggy O'Neal

Director
Melbourne
31 October 2019

Director
Melbourne
31 October 2019

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

Opinion

We have audited the financial report of NULIS Nominees (Australia) Ltd (the Company), which comprises the statement of financial position as at 30 September 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the Company's financial position as at 30 September 2019and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

Ernst & Young

Ernst & Young

David Jewell

David Jewell
Partner
Sydney
31 October 2019