

**MLC Nominees Pty Ltd**  
**ABN 93 002 814 959**  
**Annual Financial Report 2016**

**MLC Nominees Pty Ltd**  
**Table of contents**

	Page
Directors' report	1
Auditor's independence declaration	4
<b>Financial Statements</b>	
Statement of comprehensive income	5
Balance sheet	6
Cash flow statement	7
Statement of changes in equity	8
Notes to the financial statements	
1    Significant accounting policies	9
2    Revenue	15
3    Income tax	15
4    Cash and cash equivalents	15
5    Receivables	15
6    Payables	15
7    Contributed equity	16
8    Retained profits	16
9    Notes to the Cash flow statement	16
10   Contingent liabilities	16
11   Remuneration of external auditor	17
12   Related parties	18
13   Risk management information	19
14   Subsequent events	20
Directors' declaration	21
Independent auditor's report	22

## MLC Nominees Pty Ltd Directors' report

The Directors present their report together with the general purpose financial statements of MLC Nominees Pty Ltd (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 dollar, except where indicated.

### Directors

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

Name	Appointed	Resigned
M K Clancy	18 August 2009	15 December 2015
E J Horton	28 May 2014	
T J Hunt	1 March 2013	
T C McCredden	28 May 2014	
P Y O'Neal	14 February 2011	
J J Reid	16 February 2009	
N S Smith	16 November 2006	

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

### Principal activity

The Company is a for-profit entity and its principal activity during the year was acting as corporate trustee for The Universal Super Scheme (the Fund). On 1 July 2016, the Successor Fund Merger (SFM) transaction was completed, with the assets of the Fund for which the Company previously acted as Trustee, being transferred to the new MLC Super Fund (MSF). Following wind-up of the Fund, the Company ceased acting as a corporate trustee.

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

### Corporate information

The Company is a company limited by shares that is incorporated and domiciled in Australia. The address of its registered office is Ground Floor, 105-153 Miller St, North Sydney, NSW 2060. The immediate parent entity changed from MLC Limited to National Wealth Management Holdings Limited (NWMH) 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 \$91,435 (2015: \$109,185). This profit was attained in the normal course of operations of the Company.

## **MLC Nominees Pty Ltd Directors' report (continued)**

### **Dividends**

The Directors have not declared a final dividend in respect to the financial year 2016.

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 resulting in the transfer of the assets of the Fund for which the Company previously acted as Trustee to a new super fund, MLC Super Fund. As a result the Company no longer acts as Trustee for the Fund at the date of this report.

The Company substantially completed its obligations with respect to the wind up of the Fund for which it had previously acted as Trustee.

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**

The Company does not intend to undertake any further financial service business activities. As a consequence, on 12 October 2016, the Company has applied to the Australian Securities and Investments Commission (ASIC) to have its Australian Financial Services Licence (AFSL) cancelled. The application is currently being processed by ASIC. The Company has also applied to the Australian Prudential Regulation Authority (APRA) to have its Registrable Superannuation Entity (RSE) Licence cancelled. The application is currently with APRA.

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

### **Likely developments**

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

**MLC Nominees Pty Ltd  
Directors' report (continued)**

**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.



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Director  
Sydney  
3 November 2016



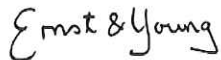
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Director  
Sydney  
3 November 2016

## Auditor's Independence Declaration to the Directors of MLC Nominees Pty Ltd

As lead auditor for the audit of MLC Nominees Pty Ltd 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.



Ernst & Young



David Jewell  
Partner  
3 November 2016

**MLC Nominees Pty Ltd**  
**Financial statements for the year ended 30 September 2016**  
**Statement of comprehensive income**

	Note	2016 \$	2015 \$
Revenue from rendering of services	2	3,750	5,000
Other revenue	2	133,141	160,998
<b>Total revenue</b>		<b>136,891</b>	<b>165,998</b>
Administration fees		(3,750)	(5,000)
Audit fees		(1,500)	(3,000)
Director fees		(1,000)	(2,000)
Other expenses		(20)	(19)
<b>Total expenses</b>		<b>(6,270)</b>	<b>(10,019)</b>
<b>Profit before income tax expense</b>		<b>130,621</b>	<b>155,979</b>
Income tax expense	3	(39,186)	(46,794)
<b>Profit after tax attributable to owners of the Company</b>		<b>91,435</b>	<b>109,185</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>91,435</b>	<b>109,185</b>

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

**MLC Nominees Pty Ltd**  
**Financial statements for the year ended 30 September 2016**  
**Balance sheet**

	Note	2016 \$	2015 \$
<b>Current assets</b>			
Cash and cash equivalents	4	7,375,730	7,162,082
Receivables	5	-	129,821
<b>Total current assets</b>		<b>7,375,730</b>	<b>7,291,903</b>
<b>Total assets</b>		<b>7,375,730</b>	<b>7,291,903</b>
<b>Current liabilities</b>			
Payables	6	39,186	46,794
<b>Total current liabilities</b>		<b>39,186</b>	<b>46,794</b>
<b>Total liabilities</b>		<b>39,186</b>	<b>46,794</b>
<b>Net assets</b>		<b>7,336,544</b>	<b>7,245,109</b>
<b>Equity</b>			
Contributed equity	7	5,100,200	5,100,200
Retained profits	8	2,236,344	2,144,909
<b>Total equity</b>		<b>7,336,544</b>	<b>7,245,109</b>

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

**MLC Nominees Pty Ltd**  
**Financial statements for the year ended 30 September 2016**  
**Cash flow statement**

	Note	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Interest received		130,641	171,210
Cash receipts in the course of operations		129,821	-
Cash payments in the course of operations		(20)	(19)
Income tax paid		(46,794)	(50,768)
<b>Net cash flows from operating activities</b>	9(b)	213,648	120,423
<b>Net increase in cash and cash equivalents</b>		213,648	120,423
<b>Cash and cash equivalents at the beginning of the year</b>		7,162,082	7,041,659
<b>Cash and cash equivalents at the end of the year</b>	9(a)	7,375,730	7,162,082

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

**MLC Nominees Pty Ltd**  
**Financial statements for the year ended 30 September 2016**  
**Statement of changes in equity**

	Note	Contributed equity \$ <sup>(1)</sup>	Retained profits \$ <sup>(2)</sup>	Total \$
<b>Year to 30 September 2015</b>				
Balance as at 1 October 2014		5,100,200	2,035,724	7,135,924
Net profit for the year		-	109,185	109,185
Other comprehensive income		-	-	-
Total comprehensive income		-	109,185	109,185
Total transactions with owners		-	-	-
<b>Balance as at 30 September 2015</b>		<b>5,100,200</b>	<b>2,144,909</b>	<b>7,245,109</b>
<b>Year to 30 September 2016</b>				
Balance as at 1 October 2015		5,100,200	2,144,909	7,245,109
Net profit for the year		-	91,435	91,435
Other comprehensive income		-	-	-
Total comprehensive income		-	91,435	91,435
Total transactions with owners		-	-	-
<b>Balance as at 30 September 2016</b>		<b>5,100,200</b>	<b>2,236,344</b>	<b>7,336,544</b>

<sup>(1)</sup> Refer to Note 7 for further details.

<sup>(2)</sup> Refer to Note 8 for further details.

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

**MLC Nominees Pty Ltd**  
**Financial statements for the year ended 30 September 2016**  
**Notes to the financial statements**

**1 Significant accounting policies**

The general purpose financial report for MLC Nominees Pty Ltd (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.

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

**(a) Basis of preparation**

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

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

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

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

**(b) Statement of compliance**

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

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

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

*(i) Changes in accounting policy and disclosure*

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'

**MLC Nominees Pty Ltd**  
**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 (continued)**

*(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 2015-2 'Amendments to Australian Accounting Standards – Disclosure initiative: AASB 101 Presentation of Financial Statements' clarifies the materiality requirements in AASB 101. These amendments also clarify that specific line items in the statement of comprehensive income and the statement of financial position may be disaggregated and that the entities have flexibility as to the order in which they present the notes to financial statements. These amendments are not expected to impact the Company's financial position or performance and become effective for the annual periods beginning on or after 1 January 2016 and will therefore apply to the Company from 1 October 2016.

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.

**(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 dollar, except where indicated.

**(f) Revenue recognition**

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

*(i) Interest revenue*

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

**MLC Nominees Pty Ltd**  
**Financial statements for the year ended 30 September 2016**  
**Notes to the financial statements**

**1 Significant accounting policies (continued)**

**(f) Revenue recognition (continued)**

*(ii) Revenue from rendering of services*

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

**(g) Income tax**

*(i) Current income tax*

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

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

*(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.

**MLC Nominees Pty Ltd**  
**Financial statements for the year ended 30 September 2016**  
**Notes to the financial statements**

**1 Significant accounting policies (continued)**

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

*(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).

**(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.

## MLC Nominees Pty Ltd

### Financial statements for the year ended 30 September 2016

#### Notes to the financial statements

##### 1 Significant accounting policies (continued)

###### (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.

###### (l) Payables

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

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

###### (m) Contributed equity

###### (i) Ordinary shares

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

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

###### (ii) Redeemable preference shares

Holders of redeemable preference shares are entitled to receive dividends as declared by the issuer and are entitled to one vote per share at shareholder meetings.

The redeemable preference shares are only redeemable by the issuer at the issue price. In the event of a winding-up of the Company, redeemable preference shareholders rank ahead of ordinary shareholders but after creditors.

**MLC Nominees Pty Ltd**  
**Financial statements for the year ended 30 September 2016**  
**Notes to the financial statements**

**1 Significant accounting policies (continued)**

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

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

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

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

**(o) Indemnity of the Trustee**

For the period from 1 October 2015 to 1 July 2016, the Company acted as corporate Trustee for The Universal Super Scheme (the Fund), the assets of which were primarily represented by life insurance policies issued by MLC Limited.

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

**MLC Nominees Pty Ltd**  
**Financial statements for the year ended 30 September 2016**  
**Notes to the financial statements**

**2 Revenue**

	2016 \$	2015 \$
Revenue from rendering of services		
Trustee service fee revenue	3,750	5,000
Other revenue		
Interest revenue	133,141	160,998
	<u>136,891</u>	<u>165,998</u>

**3 Income tax**

	2016 \$	2015 \$
<b>(a) Income tax expense is made up of:</b>		
<b>Total income tax charge to income</b>		
Current tax		
Current income tax charge	(39,186)	(46,794)
<b>Total income tax charge to income</b>	<u>(39,186)</u>	<u>(46,794)</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 \$	2015 \$
Profit before income tax	130,621	155,979
Prima facie income tax expense calculated at 30%	(39,186)	(46,794)
<b>Total income tax expense</b>	<u>(39,186)</u>	<u>(46,794)</u>

**4 Cash and cash equivalents**

	2016 \$	2015 \$
Cash at bank		
Ultimate parent entity	7,375,730	7,162,082

**5 Receivables**

	2016 \$	2015 \$
Related party receivables		
Commonly controlled entity	-	129,821

**6 Payables**

	2016 \$	2015 \$
Related party payables		
Ultimate parent entity - tax related	39,186	46,794

All payables are expected to be settled within 12 months.

**MLC Nominees Pty Ltd**  
**Financial statements for the year ended 30 September 2016**  
**Notes to the financial statements**

**7 Contributed equity**

	2016	2015
	\$	\$
Issued and paid-up capital		
501,000 ordinary shares, fully paid	100,200	100,200
5,000,000 redeemable preference shares, fully paid	5,000,000	5,000,000
	5,100,200	5,100,200

**8 Retained profits**

	2016	2015
	\$	\$
Balance at beginning of year	2,144,909	2,035,724
Net profit attributable to members of the Company	91,435	109,185
Total available for appropriation	2,236,344	2,144,909
Dividends paid	-	-
Balance at end of year	2,236,344	2,144,909

**9 Notes to the Cash flow statement**

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

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

	2016	2015
	\$	\$
Cash at bank and cash equivalents	7,375,730	7,162,082

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

	2016	2015
	\$	\$
Profit after tax	91,435	109,185
Net cash from operating activities before change in assets and liabilities	91,435	109,185
Change in assets and liabilities		
Decrease in receivables	129,821	15,212
Decrease in payables	(7,608)	(3,974)
Net cash from operating activities	213,648	120,423

**10 Contingent liabilities**

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

**MLC Nominees Pty Ltd**  
**Financial statements for the year ended 30 September 2016**  
**Notes to the financial statements**

**11 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	55,699	57,458
Audit of the superannuation fund	249,713	146,736
<b>Total audit fees</b>	<b>305,412</b>	<b>204,194</b>
Audit-related fees		
Regulatory services	40,891	82,700
<b>Total audit-related fees</b>	<b>40,891</b>	<b>82,700</b>
Other services	20,600	46,250
<b>Total remuneration of Ernst &amp; Young Australia</b>	<b>366,903</b>	<b>333,144</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 Fund for which the Company was Trustee.

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

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

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

**MLC Nominees Pty Ltd**  
**Financial statements for the year ended 30 September 2016**  
**Notes to the financial statements**

**12 Related parties**

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

**Key management personnel compensation**

	2016	2015
	\$	\$
Short-term employee benefits	1,609,159	1,191,273
Post-employee benefits	83,108	84,491
Other long term benefits	8,542	7,198
Share-based payments	281,184	133,410
	<u>1,981,993</u>	<u>1,416,372</u>

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

**Non-Director related parties**

*Transactions*

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

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

	2016	2015
	\$	\$
<i>Revenue from rendering of trustee services</i>		
Immediate parent entity		
Rendering of trustee services	3,750	5,000
Interest received	1,579	3,062
Ultimate parent entity		
Interest received	131,562	157,936
<i>Expenses</i>		
Immediate parent entity		
Administration fees	3,750	5,000
Other expenses	1,000	2,000
Other audit fees	365,403	330,144
Ultimate parent entity		
Other expenses	20	19

**MLC Nominees Pty Ltd**  
**Financial statements for the year ended 30 September 2016**  
**Notes to the financial statements**

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

**(a) Credit risk**

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

**(b) Market risk**

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

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

**(c) Interest rate risk**

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

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

**Interest rate sensitivity analysis**

The following table demonstrates 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 \$	2015 \$	2016 \$	2015 \$
+ 100 basis points	73,757	72,919	73,757	72,919
- 100 basis points	(73,757)	(72,919)	(73,757)	(72,919)

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

**MLC Nominees Pty Ltd**  
**Financial statements for the year ended 30 September 2016**  
**Notes to the financial statements**

**13 Risk management information (continued)**

**(d) Liquidity risk**

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

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

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

**(e) Capital risk management**

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

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

Following the completion of the Successor Fund Merger (SFM) on 1 July 2016, the Company no longer acts as Trustee for the Fund. Accordingly, the requirements of APRA's Prudential Standard SPS 114 "Operational Risk Financial Requirement" (ORFR) are no longer applicable to the Company. In the prior year, the ORFR balance was held in certain reserves in the Fund of which the Company was Trustee as permitted by SPS 114, and consistent with the Company's ORFR Strategy.

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.

**14 Subsequent events**

The Company does not intend to undertake any further financial service business activities. As a consequence, on 12 October 2016, the Company has applied to the Australian Securities and Investments Commission (ASIC) to have its Australian Financial Services Licence (AFSL) cancelled. The application is currently being processed by ASIC. The Company has also applied to the Australian Prudential Regulation Authority (APRA) to have its Registrable Superannuation Entity (RSE) Licence cancelled. The application is currently with APRA.

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

**MLC Nominees Pty Ltd**  
**Directors' declaration**

In accordance with a resolution of the Directors of MLC Nominees Pty 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*; and
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1(b); and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Director  
Sydney  
3 November 2016



Director  
Sydney  
3 November 2016

## **Independent auditor's report to the members of MLC Nominees Pty Ltd**

We have audited the accompanying financial report of MLC Nominees Pty Ltd, (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 that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### ***Auditor's responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the 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.



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## Opinion

In our opinion:

- a. the financial report of MLC Nominees Pty Ltd 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

Ernst & Young

David Jewell

David Jewell  
Partner  
Sydney  
3 November 2016