

# **AMP Eligible Rollover Fund**

**ABN 32 931 224 407**

**Financial Statements  
for the year ended  
30 June 2020**

# AMP Eligible Rollover Fund

ABN 32 931 224 407

## Financial Statements 30 June 2020

### TABLE OF CONTENTS

STATEMENT OF FINANCIAL POSITION.....	1
INCOME STATEMENT.....	2
STATEMENT OF CHANGES IN MEMBER BENEFITS.....	3
STATEMENT OF CASH FLOWS.....	4
NOTES TO THE FINANCIAL STATEMENTS.....	5 - 15
TRUSTEE'S DECLARATION TO THE MEMBERS.....	16
INDEPENDENT AUDITOR'S REPORT.....	17

Registered office:  
Level 1, 575 Bourke St,  
Melbourne, VIC 3000 Australia

**Statement of financial position**

as at 30 June 2020

	Notes	2020 \$'000	2019 \$'000
<b>Assets</b>			
<b>Investments</b>			
AMP Life Superannuation Policy – No.1	4	1,029,270	1,314,564
<b>Total assets</b>		<b>1,029,270</b>	<b>1,314,564</b>
<b>Liabilities</b>			
<b>Tax liabilities</b>			
Provision for income tax		4	(42)
<b>Total liabilities excluding member benefits</b>		<b>4</b>	<b>(42)</b>
<b>Net assets available for member benefits</b>		<b>1,029,266</b>	<b>1,314,606</b>
<b>Member benefits</b>			
Allocated to members	3	1,029,266	1,314,606
<b>Total member liabilities</b>		<b>1,029,266</b>	<b>1,314,606</b>
<b>Total net assets</b>		<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>-</b>	<b>-</b>

The above Statement of financial position should be read in conjunction with the accompanying notes.

**Income statement**

for the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
<b>Superannuation activities</b>			
Net changes in assets measured at fair value		24,552	32,639
Other income	8	26,604	-
<b>Total superannuation activities income</b>		<b>51,156</b>	<b>32,639</b>
<b>Net result from superannuation activities</b>		<b>51,156</b>	<b>32,639</b>
<b>Profit from operating activities</b>		<b>51,156</b>	<b>32,639</b>
Less: Net benefits allocated to defined contribution members' accounts		(47,177)	(32,639)
<b>Profit / (loss) before income tax</b>		<b>3,979</b>	<b>-</b>
Income tax expense	7	(3,979)	-
<b>Net profit / (loss) after tax</b>		<b>-</b>	<b>-</b>

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

**Statement of changes in member benefits**

for the year ended 30 June 2020

	2020 \$'000	2019 \$'000
<b>Opening balance of member benefits</b>	1,314,606	<b>1,436,975</b>
Transfers from other superannuation plans	110,372	146,446
Income tax on contributions	(22)	(16)
<b>Net after tax contributions</b>	<b>110,350</b>	<b>146,430</b>
Benefits to members/beneficiaries	(238,986)	(57,519)
Transfers to other superannuation plans	(203,881)	(243,919)
<b>Net benefits allocated to members' accounts, comprising:</b>		
Net investment income	24,552	32,639
Other income	22,625	-
<b>Closing balance of members benefits</b>	<b>1,029,266</b>	<b>1,314,606</b>

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

**Statement of cash flows**

for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>			
Other income received		26,604	-
<b>Net cash inflows from operating activities</b>	10	<b>26,604</b>	-
<b>Cash flows from investing activities</b>			
AMP Life Superannuation Policy contributions		(136,976)	(146,446)
AMP Life Superannuation Policy redemptions		446,822	301,434
<b>Net cash inflows from investing activities</b>		<b>309,846</b>	<b>154,988</b>
<b>Cash flows from financing activities</b>			
Transfers from other superannuation plans received		110,372	146,446
Benefits paid to members / Transfers to other superannuation plans		(442,868)	(301,438)
Income tax expense paid	7	(3,979)	-
Excess contributions tax (paid) / received		-	7
Income tax paid on contributions received		25	(3)
<b>Net cash outflows from financing activities</b>		<b>(336,450)</b>	<b>(154,988)</b>
<b>Net increase / (decrease) in cash held</b>		-	-
<b>Cash at beginning of period</b>		-	-
<b>Cash at end of period</b>		-	-

The above Statement of cash flows should be read in conjunction with the accompanying notes.

## Notes to the Financial Statements

for the year ended 30 June 2020

### 1. Operations of the Fund

The AMP Eligible Rollover Fund ("the Fund") was initially established by a Trust Deed dated 1 July 1994. The Fund is domiciled in Australia and the address of the Fund's registered office was Level 24, 33 Alfred Street, Sydney, NSW 2000.

The Fund predominantly receives rollover amounts transferred from other superannuation funds and in some instances certain superannuation payments from the Australian Tax Office.

Administration of the Fund is conducted by AMP Life Limited (ABN 84 079 300 379) (herein referred to as "AMPL"). The registered office of the Administrator was Level 24, 33 Alfred Street, Sydney, NSW 2000.

The Trustee of the Fund during the reporting period up to 30 June 2020 was AMP Superannuation Limited ("ASL") and it was the holder of a public offer class Registrable Superannuation Entity Licence (licence no L0000550). In accordance with amendments to the Superannuation Industry (Supervision) ("SIS") Act 1993 the Fund was registered with the Australian Prudential Regulation Authority in February 2006 (registration no R1001655).

Effective 1 July 2020 Equity Trustees Superannuation Limited (ABN 50 055 641 757) ("ETSL") replaced ASL as the Trustee of the Fund following the completion of sale of AMP Life Limited by AMP Limited to Resolution Life Limited on 30 June 2020. ETSL is the holder of a public offer Registrable Superannuation Entity Licence (licence no L0001458). The registered office of ETSL and the Fund is Level 1, 575 Bourke Street, Melbourne, VIC 3000.

### 2. Summary of significant accounting policies

#### (a) Basis of preparation

The financial statements are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board, the Superannuation Industry (Supervision) Act 1993 and regulations and the provisions of the Trust Deed.

The financial statements are presented in Australian dollars, which is the presentation and functional currency, and all values are rounded to the nearest thousand except where otherwise indicated.

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

The Fund is a not-for-profit entity for the purpose of preparing financial statements.

The financial statements were authorised for issue by the Board of Directors of the Trustee, ETSL, on 24 September 2020.

#### (b) New and amended standards adopted by the Fund.

##### AASB Interpretation 23, and relevant amending standards "Uncertainty over Income Tax Treatments"

AASB Interpretation 23, and relevant amending standards "Uncertainty over Income Tax Treatments" ("the interpretation") is effective for periods beginning on or after 1 January 2019. The interpretation clarifies the application of the recognition and measurement criteria in AASB 112 "Income Taxes" when there is uncertainty over income tax treatments. The interpretation specifically addresses the following:

- (i) Whether an entity considers uncertain tax treatments separately.
- (ii) The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- (iii) How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- (iv) How an entity considers changes in facts and circumstances.

These requirements had no material impact on the financial statements on initial application as the Fund does not have any uncertain tax treatments.

## Notes to the Financial Statements

for the year ended 30 June 2020

### 2. Summary of significant accounting policies (cont.)

#### (c) New accounting standards and interpretations issued but not yet effective.

Australian Accounting Standards that have recently been issued but are not yet effective have not been adopted by the Fund for the year ended 30 June 2020. The impact of these standards has been assessed and these standards are not expected to have a material impact on the Fund.

#### AASB 2018-7 "Definition of material"

AASB 2018-7 "Definition of material" (the standard) is effective for periods beginning on or after 1 January 2020. The standard amends AASB 101 "Presentation of Financial Statements" and AAS 108 "Accounting Policies, Changes in Accounting Estimates and Errors" to align the definition of 'material' across the standards and to clarify certain aspects of the definition.

The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

#### (d) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability; or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

Financial assets and liabilities held at fair value through profit or loss are measured initially at consideration paid / payable excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, financial assets and liabilities are measured at fair value with changes in their fair value recognised in the Income statement.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Financial assets and financial liabilities were recognised on the date the Fund became a party to the contractual agreement (trade date) and changes in the fair value of the financial assets or financial liabilities were recognised from this date. Investments were derecognised when the rights to receive cash flows from the investments had expired or the Fund had transferred substantially all of the risks and rewards of ownership.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. Refer to Note 4.



## Notes to the Financial Statements

for the year ended 30 June 2020

### 2. Summary of significant accounting policies (cont.)

#### (e) Investments

*Investments in financial assets measured at fair value through profit or loss*

Investments of the Fund are insurance policies that are in a non unit-linked policy in the AMP Life Superannuation Policy.

These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with the risk management and investment strategies of the fund.

Fair value of life office policies investments has been determined based on the present values of the policies as advised by the insurer as at the reporting date.

#### (f) Revenue and Expense Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

*Changes in assets measured at fair value*

Changes in assets measured at fair value are recognised as income and are determined as the movement in the unrealised gain/loss on investments held and the realised gain on disposal of investments, calculated as the difference between consideration received and the fair value at the prior year end, or cost (if the investment was acquired during the period). All changes are recognised in the Income statement.

*Other income*

Other income including administration fee rebates and member compensations are recognised on an accrual basis at year end.

*Expenditure*

All expenses of the Fund which are recognised in the Income statement are recorded on an accrual basis at year end.

#### (g) Income Tax

The Fund is a complying superannuation fund within the provisions of the Income Tax Assessment Act. Accordingly, the concessional tax rate of 15% has been applied to the Fund's taxable income, unless it is on pension income which is taxed at 0%.

*Current Tax*

Current tax is the expected tax payable on the taxable income for the year using the concessional tax rate of 15% for Fund income and any adjustment to tax payable in respect of previous years.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

#### (h) Member liabilities

Member liabilities are measured at the amount of accrued benefits. Defined contribution member liabilities are measured as the amount of member account balances as at the reporting date.

Amounts for the remediation of members are recognised as liabilities by the Fund when it is probable that compensation will be required to settle the obligation and the amount of the obligation can be reliably estimated. At the time of recognising the liability a corresponding asset is recognised for the assets to be received by the Fund to settle the obligation.

**Notes to the Financial Statements**

for the year ended 30 June 2020

**2. Summary of significant accounting policies (cont.)****(i) Benefits paid**

The Fund recognises a benefit to a member where a valid withdrawal notice is received from the member and is approved for payment and paid.

**(j) Goods and services tax (GST)**

Revenue, expenses and assets are recognised net of the amount of GST, except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

**(k) Receivables**

Receivables are recorded at nominal values which approximate fair value. Amounts are generally received within 30 days of being recorded as receivables.

**(l) Payables**

Payables are carried at nominal amounts which approximate fair value. They represent liabilities for goods and services provided to the Fund prior to the end of the financial year that are unpaid when the Fund becomes obliged to make future payments in respect of the purchase of these goods or services. Payables are normally settled on 30 day terms.

**(m) Use of judgments and estimates**

In the application of Accounting Standards, management is required to make judgments, estimates and assumptions about fair values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

Judgments made by management in the application of Accounting Standards that may have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

This area of judgement is:

- Fair value of investments (Note 4)

**3. Member liabilities**

Member account balances are determined by crediting rates that are based on the underlying investment movements. These rates are determined by the actuaries in advance and are guaranteed over the period.

Members bear any investment risk over and above the capital guaranteed amounts relating to the underlying assets or crediting rates used to measure the member liabilities.

At 30 June 2020, all net assets attributable to the members have been allocated to those members amounting to \$1,029,266,000 (2019: \$1,314,606,000).

Refer to Note 12 for the Fund's management of the investment risks.

**4. Investments and changes in assets measured at fair value**

The investments of the Fund are managed on behalf of the Trustee by AMP Life Limited. In turn AMP Life Limited engages AMP Capital Investors Limited as their principal investment manager. The Custodian holds all of the underlying investments. The Custodian for AMP Life Limited is BNP Paribas Fund Services Australasia Pty Limited.

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Insurance policies		
AMP Life Superannuation Policy	1,029,270	1,314,564
<b>Total investments</b>	<b>1,029,270</b>	<b>1,314,564</b>

**Notes to the Financial Statements**

for the year ended 30 June 2020

**4. Investments and changes in assets measured at fair value (cont.)****(a) Classification of financial instruments under the fair value hierarchy**

The Fund's assets at the reporting date are carried at fair value. Investments are valued in accordance with the accounting policies set out in Note 2(e) and 2(f).

Under AASB 13 "Fair Value Measurement" all financial assets and liabilities measured or disclosed at fair value are categorised into one of the following levels:

*Classification levels*

Level 1: Valued using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valued using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Valued using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification in the fair value hierarchy of the Fund's financial assets and liabilities measured at fair value is presented in the table

	<b>2020 AMP Life Superannuation Policy \$'000</b>	<b>2019 AMP Life Superannuation Policy \$'000</b>
Valued at Quoted Market Price (Level 1)	-	-
Valuation technique - Market observable inputs (Level 2)	-	-
Valuation technique - Non-market observable inputs (Level 3)	1,029,270	1,314,564
<b>Total investments</b>	<b>1,029,270</b>	<b>1,314,564</b>

The level which the financial instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of an input requires judgement after considering factors specific to the financial instrument.

The determination of what the Trustee of the Fund constitutes 'observable' requires significant judgment by the Trustee. The Trustee considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

For investments in funds that are suspended or have restrictions on redemptions (such as a withdrawal offer period), the basis of valuation of the underlying investments in the respective funds may be subject to a higher degree of judgment and estimation by the respective fund managers. Therefore, there is a risk that the net asset values reported by the respective fund managers as at the balance sheet date may not reflect the amounts that can be realised by the Fund and hence may not reflect fair value.

**(b) Level 3 financial instruments transactions**

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period:

	<b>2020 \$'000</b>	<b>2019 \$'000</b>
<b>AMP Life Superannuation Policies</b>		
Opening balance	1,314,564	1,436,913
Total realised / unrealised gains and losses <sup>1</sup>	24,552	32,639
Purchases / applications	136,976	146,446
Sales / redemptions	(446,822)	(301,434)
<b>Closing balance</b>	<b>1,029,270</b>	<b>1,314,564</b>

1. The total realised / unrealised gains and losses are recognised in the net changes in assets measured at fair value in the Income statement.

**Notes to the Financial Statements**

for the year ended 30 June 2020

**4. Investments and changes in assets measured at fair value (cont.)****(b) Level 3 financial instruments transactions cont.)***Quantitative information of significant unobservable inputs - Level 3*

The following tables show the sensitivity of the fair value of Level 3 instruments to changes in key assumptions.

	Carrying amount \$'000	Effect on fair values \$'000		Valuation techniques	Key unobservable inputs
2020		(+)	(-)		
Investment in AMP Life Superannuation Policy <sup>1</sup>	1,029,270	-	-	Valuation model based on published unit prices	Valuation of the underlying investment instruments Interest crediting rates
	-				
	Carrying amount \$'000	Effect on fair values \$'000		Valuation techniques	Key unobservable inputs
2019		(+)	(-)		
Investment in AMP Life Superannuation Policy <sup>1</sup>	1,314,564	-	-	Valuation model based on published unit prices	Valuation of the underlying investment instruments Interest crediting rates
	-				

<sup>1</sup> Fair value was calculated through prices supplied by third-party pricing information provider ("AMP Life") without adjustment and the Fund has no visibility of the underlying quantitative information of unobservable inputs itself.

*Financial asset valuation process*

For financial assets categorised within Level 3 of the fair value hierarchy, the investments are recorded at the redemption value per unit supplied by the third-party pricing information provider ("AMP Life") based on the valuation of the underlying investment instruments. All significant Level 3 assets are referred to the appropriate valuation committee of the price information provider and Trustee which meets at least every 6 months, or more frequently when required. Effective 1 July 2020, ETSL replaced ASL as the Trustee of the Fund and accordingly ETSL's investment management framework and governance replaces the previous framework.

**5. Guaranteed benefits**

Where investments have been made into a Guaranteed Policy, the insurer guarantees the account balance of this policy.

In other cases, no guarantees have been made in respect of any other part of the liability for accrued benefits.

	2020 \$'000	2019 \$'000
Guaranteed Benefits	1,029,270	1,314,564

**6. Funding arrangements**

The Fund only accepts transfers in from other complying superannuation funds and mandated contributions from the Australian Taxation Office.

**Notes to the Financial Statements**

for the year ended 30 June 2020

**7. Income tax****Reconciliation between income tax expense and the profit / (loss) before income tax**

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit / (loss) before income tax	3,979	-
Income tax at 15%	(597)	-
Increase in tax expenses due to:		
Net benefits allocated to members' accounts	(7,077)	(4,896)
	(7,674)	(4,896)
Decrease in tax expense due to:		
Non-assessable investment gains	3,683	4,896
Non-assessable administration fee rebates	12	-
	3,695	4,896
<b>Income tax expense reported in Income statement</b>	<b>(3,979)</b>	<b>-</b>

The tax rate used in the above reconciliation is the superannuation tax rate of 15% payable by Australian superannuation funds on taxable profits under Australian tax law. There has been no change in the superannuation tax rate when compared with the previous reporting period.

**8. Other income**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Administration fee rebates	79	-
Member compensations	26,525	-
<b>Total other income</b>	<b>26,604</b>	<b>-</b>

**9. Auditor's remuneration**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Audit review of financial reports	60,347	59,163
APRA annual returns and compliance audits	12,188	11,949
<b>Total auditor's remuneration*</b>	<b>72,535</b>	<b>71,112</b>

\* Amounts GST inclusive

The auditor of the AMP Eligible Rollover Fund for the 2020 financial year is Ernst & Young (2019: Ernst and Young). Auditor's remuneration for auditing the financial statements and other services were paid by AMP Life Services Limited (2019: AMP Services Limited)

**10. Notes to the statement of cash flows****Reconciliation of net cash outflows from operating activities to net profit / (loss)**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Net profit / (loss)	-	-
(Increase) / decrease in assets measured at fair value	(24,552)	(32,639)
Allocation to members' accounts	51,156	32,639
<b>Net cash outflows from operating activities</b>	<b>26,604</b>	<b>-</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

### 11. Related party disclosures

#### (a) Trustee

The Trustee of the Fund during the reporting period up to 30 June 2020 was AMP Superannuation Limited (ABN 31 008 414 104) ("ASL") which was a wholly owned subsidiary of AMP Wealth Management Holdings Pty Ltd (ABN 46 633 106 939). The ultimate parent entity was AMP Limited. The registered office of ASL and the Fund was Level 24, 33 Alfred Street, Sydney, NSW 2000.

Effective 1 July 2020 Equity Trustees Superannuation Limited (ABN 50 055 641 757) ("ETSL") replaced ASL as the Trustee of the Fund. The registered office of ETSL and the Fund is Level 1, 575 Bourke St, Melbourne, VIC 3000.

#### (b) Key Management Personnel

Effective 1 July 2020 ETSL replaced ASL as the Trustee of the Fund, the following people were directors and key management personnel of ETSL until the date of this report, except where stated otherwise.

Mr Anthony Jude Lally (Non-Executive Director and Chairman)  
Mr Michael O'Brien (Managing Director and Executive Director)  
Mr Ellis Varejes (Non-Executive Director)  
Mr Mark Blair (Executive Director)  
Ms Susan Granville Everingham (Non-Executive Director)  
Mr Paul Douglas Rogan (Non-Executive Director)  
Mr Jezy (George) Zielinski (Non-Executive Director) (appointed 6 July 2020)

During the reporting period until 30 June 2020 when ASL was the Trustee, the following people were directors and key management personnel of ASL, except where stated otherwise.

Darryl Mackay (Non-Executive Director)  
Tony Brain (Non-Executive Director)  
Catherine McDowell (Non-Executive Director) (appointed 11 July 2019)  
Stephen Roberts (Non-Executive Director) (appointed 11 July 2019)  
Paul Scully (Non-Executive Director) (appointed 1 November 2019)  
Sarah Brennan (Non-Executive Director) (appointed 1 November 2019)  
Kerrie Howard (Non-Executive Director) (appointed 1 November 2019)  
Cathy Doyle (Non-Executive Director) (resigned 11 July 2019)

None of the above directors of the Trustees are members of the Fund.

There are no other key management personnel other than the directors disclosed above.

#### (c) Compensation of key management personnel

No Key Management Personnel or Director of the Trustee company, ASL, was paid any remuneration by the Fund during the financial year.

Remuneration is payable on commercial arm's length terms, to the Non-Executive Directors in their capacity as Directors of the Trustee company and N.M. Superannuation Proprietary Limited (ABN 31 008 428 322) and in connection with the management of the Fund and other Trusts (the other Trusts are AMP Retirement Trust, AMP Superannuation Savings Trust, Super Directions Fund, National Mutual Retirement Fund, National Mutual Pro Super Fund, and Wealth Personal Superannuation and Pension Fund). Such remuneration is paid by AMP Services Limited (ABN 50 081 143 786) and is not charged to the Fund or to the Trustee company. Non-Executive Directors do not receive any variable remuneration in relation to their role as key management personnel of the Fund. In addition to their terms, the only benefit provided to Non-Executive Directors for the financial year was superannuation. No retirement benefits are paid to Non-Executive Directors.

No Key Management Personnel or Director of the the new Trustee (ETSL) was paid any remuneration by the Fund.

#### (d) Related party transactions

##### Trustee

There were no transactions between the Fund and AMP Superannuation Limited during the year (2019: \$nil). There were no transactions between the Fund and ETSL during the year (2019: \$nil).

## Notes to the Financial Statements

for the year ended 30 June 2020

### 11. Related party disclosures (cont.)

#### (e) Other related party transactions

All investments of the Fund are administered by, and held in, AMP Life Limited under life insurance policies issued by AMP Life Limited (AMP Life). Under these policies, AMP Life invests transfers received with AMP Capital Holdings Limited Group managed investment schemes, AMP Bank or managed investment schemes outside the AMP group on behalf of the Trustee. AMP Life, AMP Capital Holdings Limited and AMP Bank are wholly owned subsidiaries of AMP Limited and therefore are companies related to the Trustee. Under the policies, AMP Life charges fees. The charges and recoveries associated with these services are incorporated in the changes in investment values.

All related party transactions are conducted on normal commercial terms and conditions.

#### (f) Operational Risk Financial Requirement

In response to Prudential Standards SPS 114 Operational Risk Financial Requirement ("SPS 114"), the Trustee has approved an Operational Risk Financial Requirement ("ORFR") target to be held at the Trustee level. SPS 114 establishes a requirement for a Trustee to maintain adequate financial resources to address losses arising from operation risk events that may affect the registrable superannuation entities within its business operations.

### 12. Financial risk management objectives and policies

#### Introduction

During the reporting period up to 30 June 2020, the Fund was operated under the risk management framework and risk management structure ("RMF/RMS") of the Trustee, AMP Superannuation Limited ("ASL"), which are outlined below. Effective 1 July 2020, ETSL replaced ASL as the Trustee of the Fund and accordingly ETSL's a Risk Management Framework ("RMF") replaces the RMF/RMS operated under ASL. The ETSL's RMF identifies the Trustee's policies and procedures, processes and controls that comprise its risk management and control systems. These systems address all material risks, financial and non-financial, likely to be faced by the Fund.

The Fund's principal financial instrument comprises insurance policies issued by AMP Life Limited. The main purpose of this financial instrument is to generate a return on investment.

Risk is inherent in the Fund's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls.

During the financial year ended 30 June 2020, due to COVID-19, the Trustee's need for liquidity was driven by a range of interconnected factors, including decreased contributions from members and employers and increased outflows from the Government's early access to superannuation provisions.

The Trustee was focused on the effects of the global COVID-19 pandemic and monitored it as it unfolded, specifically they continued to monitor and respond to global investment markets and managed the Fund's cash flow on a daily basis.

Non financial risks emerging from global movement restrictions, and remote working by our staff and stakeholders was identified, assessed, managed and governed through timely application of the Trustee's risk management framework.

The following financial risk management objectives and policies were applicable throughout the financial year.

#### (a) Risk management structure

The Fund is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including fair value interest rate risk, price risk and foreign currency risk), credit risk, liquidity risk and cash flow interest rate risk. The Fund's risk management and investment policies, approved by the Trustee, seek to minimise the potential adverse effects of these risks on the Fund's financial performance.

It is ultimately the responsibility of the Trustee to ensure that there is an effective risk management control framework in place. Consistent with regulatory requirements the Trustee has the function of overseeing the establishment and maintenance of risk-based systems and controls for the Fund. The Trustee has developed, implemented and maintains a Risk Management Strategy ("RMS").

The RMS identifies the Trustee's policies and procedures, processes and controls that comprise its risk management and control systems. These systems address all material risks, financial and non-financial, likely to be faced by the Fund. Annually, the Trustee certifies to APRA that adequate strategies have been put in place to monitor those risks, that the Trustee has systems in place to ensure compliance with legislative and prudential requirements and that the Trustee has satisfied itself as to the compliance with the RMS.

**Notes to the Financial Statements**

for the year ended 30 June 2020

**12. Financial risk management objectives and policies (cont.)****(a) Risk management structure (cont.)**

AMPL provides services to the Trustee to assist it to carry out the operation, management, administration and investment functions of the Fund under the administration, insurance and corporate services arrangement. It has put in place a risk management framework in respect of the services that is designed to ensure:

- (i) compliance with the Trustee's Superannuation Obligations and this Agreement; and
- (ii) any breach of the Trustee's Superannuation Obligations and/or this Agreement is promptly detected and reported to the Trustee.

**(b) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. The Fund invests entirely in AMP Life policies. Credit risk is not considered to be significant to the Fund as the underlying investments of the life policies are varied and AMP Life continues to meet its capital and solvency requirements under the Life Insurance Act 1995.

The exposure to credit risk for the life policies is low as the rating of AMP Life at 30 June 2020 is A- (2019: A) as determined by Standard and Poor's rating agency.

The Trustee of the Fund oversees the investment performance of each of the investment options of the Fund. The Fund's exposure and the credit ratings of its counterparties are continuously monitored. The maximum exposure to credit risk for the Fund is limited to the value of investments on the Statement of financial position.

**(c) Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund's significant financial liabilities are benefits payable to members.

This risk is controlled through the Fund's investments in AMP Life policies which under normal market conditions are readily convertible to cash. The Fund's exposure to liquidity risk relating to its investment in AMP Life policies will relate primarily to the underlying financial instrument investments of AMP Life policies held for trading.

The Fund is exposed to daily cash payments of members' benefits. It therefore invests the majority of its assets in life insurance policies that have unit pricing and can be readily disposed of.

Vested member benefits are payable within 5 days of receiving the members' request for cash payment. However, the Trustee believes that it is highly unlikely that all members of the Fund would request their benefits within that timeframe.

The following table summarises the maturity profile of the Fund's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Fund can be required to pay. The Fund has no significant concentration of liquidity risk.

	2020		2019	
	Less than 3 months	On demand	Less than 3 months	On demand
	\$'000	\$'000	\$'000	\$'000
Member liabilities	-	1,029,266	-	1,314,606
Other				
- Provision for income tax	4	-	(42)	-
	4	1,029,266	(42)	1,314,606

Through the Master Resourcing Agreement (MRA) between AMP Superannuation Limited (ASL), AMP Life Limited and AMP Services, ASL ensures it has adequate financial resources available to it. Under the MRA, AMP Life is required to ensure that, at all times, ASL has sufficient net tangible assets to meet its RSE licensing obligations and sufficient resources to ensure ASL has adequate liquidity and solvency at all times. Under the MRA, AMP Life must also ensure that ASL has, at all times, access to sufficient financial resources to pay any deductible amount required to be paid under any insurance maintained on behalf of ASL. The financial framework established by the MRA ensures that ASL has adequate financial resources at all times as required by the SIS Regulations and the Prudential Practice Guide SPG230.

Effective 1 July 2020, ETSL replaced ASL as the Trustee of the Fund and the MRA has ceased to operate.

**(d) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange (currency risk), market interest rates (interest rate risk) and market prices (price risk). The Fund's policies and procedures put in place to mitigate the Fund's exposure to market risk are detailed in the Trustee's investment policies and the RMS. There have been no changes to the Fund's exposure to market risks or the manner in which it manages and measures the risk.



**Notes to the Financial Statements**

for the year ended 30 June 2020

**12. Financial risk management objectives and policies (cont.)****(d) Market risk (cont.)***Price risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments in the market.

Downward price risk is mitigated by the operation of the capital guarantee as the crediting rates will not be negative.

Price risk is managed by ensuring all investment activities are undertaken in accordance with established mandate limits and investment strategies.

The effect on the Income statement due to a reasonably possible change in market factors, with all other variables held constant, is indicated in the table below:

	Change in price	2020	
		Effect on net assets / Investment returns	
		\$'000	\$'000
	% +/-	+	-
Price of AMP Life Superannuation policy	+10 / -10	102,927	-

	Change in price	2019	
		Effect on net assets / Investment returns	
		\$'000	\$'000
	% +/-	+	-
Price of AMP Life Superannuation policy	+10 / -10	131,456	-

*Interest rate risk*

Interest rate risk represents the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund does not have any direct holdings in interest bearing assets, therefore no sensitivity analysis to a reasonably possible change in interest rates has been provided. The Fund's exposure to market risk for changes in interest rates relate primarily to the underlying investments of AMP Life policies held in interest bearing securities held for trading.

Interest rate risk is managed by ensuring all investment activities are undertaken in accordance with established mandate limits and investment strategies.

*Foreign currency risk*

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund holds investments entirely denominated in Australian Dollars, therefore has no direct exposure to currency fluctuations, though it does have currency exposure through Australian investments with significant overseas operations and the underlying international investments of AMP Life policies. Foreign exchange contracts are used by the investment manager to reduce exposure to adverse foreign currency movements in the value of underlying international listed equities.

Foreign currency risk is managed by ensuring all investment activities are undertaken in accordance with established mandate limits and investment strategies.

**13. Significant events**

The COVID-19 outbreak has caused disruption to the global economy including financial markets. This had a material impact on market valuations of investments both in Australia and Worldwide. There has been significant movements in the period as a result of the government response to COVID-19, the movements have remained consistent within market expectations.

**14. Subsequent events after balance sheet date**

Effective 1 July 2020 Equity Trustees Superannuation Limited (ABN 50 055 641 757) ("ETSL") replaced ASL as the Trustee of the Fund following the completion of sale of AMP Life Limited by AMP Limited to Resolution Life Limited on 30 June 2020.

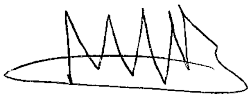
There has not arisen in the interval between the end of the financial year and the date of this financial report any item, transaction or event of an unusual nature likely to affect significantly the operations of the Fund, the result of the operations, or the state of affairs of the Fund. Accordingly, no adjustment has been made to the net assets of the Fund. In the event that COVID-19 impacts are more severe or prolonged than anticipated, the future fair value of the Fund's investments may be adversely impacted.

**AMP Eligible Rollover Fund**  
**TRUSTEES' DECLARATION TO THE MEMBERS**

**In the opinion of the directors of the Trustee of AMP Eligible Rollover Fund:**

1. The accompanying financial statements and notes set out on pages 1 to 15 are in accordance with:
  - Australian Accounting Standards and other mandatory professional reporting requirements, and
  - present fairly the Fund's financial position as at 30 June 2020 and of its performance for the financial year ended on that date.
2. The Fund has been conducted in accordance with its constituent Trustee Deed and the requirements of the *Superannuation Industry (Supervision) Act 1993* and its accompanying Regulations; the relevant requirements of the *Corporations Act 2001 and Regulations*; the requirements under section 13 of the *Financial Sector (Collection of Data) Act 2001*, during the year ended 30 June 2020.
3. There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors of Equity Trustees Superannuation Limited (ABN 50 055 641 757) as Trustee for AMP Eligible Rollover Fund.



\_\_\_\_\_  
Signature

Mark Blair  
\_\_\_\_\_  
Name of Director

Melbourne, 24 September 2020.

## Part 1 - Independent Auditor's report on financial statements

Independent Auditor's report approved form for an RSE which is a reporting entity

AMP Eligible Rollover Fund ABN 32 931 224 407

Report by the RSE Auditor to the trustees and members

### Opinion

I have audited the financial statements of AMP Eligible Rollover Fund for the year ended 30 June 2020 comprising the statement of financial position, income statement, statement of changes in member benefits and statement of cash flows.

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of AMP Eligible Rollover Fund as at 30 June 2020 and the results of its operations, cash flows and changes in members' benefits for the year ended 30 June 2020.

### Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities* section of my report. I am independent of the entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Responsibilities of the trustee for the Financial Statements

The RSE's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the RSE or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my 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 these financial statements.

As part of an audit in accordance with the Australian Auditing Standards, I exercised professional judgment and maintained professional scepticism throughout the audit. I also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee
- Concluded on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my auditor opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the RSE to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicated with the trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identified during my audit.



John MacDonald  
Ernst & Young  
Melbourne

24 September 2020