

National Mutual Pro-Super Fund

ABN 46 208 334 003

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

National Mutual Pro-Super Fund

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Financial Statements 30 June 2020

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

Statement of financial position

as at 30 June 2020

	Note	2020 \$	2019 \$
Assets			
Other assets			
Prepaid insurance	3	14,994	13,353
Total assets		14,994	13,353
Liabilities			
Other liabilities			
Contributions in advance		14,994	13,353
Total liabilities excluding member benefits		14,994	13,353
Net assets available for member benefits		-	-
Member benefits			
Allocated to members		-	-
Total member liabilities		-	-
Total net assets		-	-
Total equity		-	-

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

Statement of changes in member benefits

for the year ended 30 June 2020

	2020	2019
	\$	\$
Opening balance of member benefits	-	-
Employer contributions	5,604	7,871
Member contributions	16,754	23,153
Net after tax contributions	22,358	31,024
Insurance premiums charged to members' accounts	(22,358)	(31,024)
Closing balance of members benefits	-	-

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

National Mutual Pro-Super Fund
Statement of cash flows
for the year ended 30 June 2020

	2020 \$	2019 \$
Cash flows from financing activities		
Employer contributions received	5,604	7,871
Member contributions received	16,754	23,153
Insurance premiums paid	(22,358)	(31,024)
Net cash inflows / (outflows) from financing activities	-	-
Net increase / (decrease) in cash held	-	-
Cash at the beginning of period	-	-
Cash at the end of period	-	-

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 National Mutual Pro-Super Fund (the "Fund") was established by a Trust Deed dated 21 September 1998. 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 is a defined contribution superannuation fund and operates primarily for the purpose of providing for members (and their dependents or beneficiaries) benefits upon death or disablement.

Administration of the Fund is conducted by AMP Life Limited (ABN 84 079 300 379) ("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 N.M. Superannuation Proprietary Limited ("NM Super") and it was the holder of a public offer class Registrable Superannuation Entity Licence (licence no L0002523). In accordance with amendments to the Superannuation Industry (Supervision) ("SIS") Act 1993 the Fund was registered with the Australian Prudential Regulation Authority in June 2006 (registration no R1056310).

Effective 1 July 2020 Equity Trustees Superannuation Limited (ABN 50 055 641 757) ("ETSL") replaced NM Super 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) ("SIS") Act 1993 and its regulations and the provisions of the Trust Deed.

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar except where otherwise indicated.

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; and
- (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.

(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.

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 (cont.)****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 AASB 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) Contributions in advance and prepaid insurance

Represents employer and member contributions received by the Fund for insurance premiums relating to post year end which have been paid to AMPL.

Contributions in advance and prepaid insurance are recorded at nominal values. Amounts are generally settled and recognised in the Statement of changes in member benefits within 1 year of being recorded in these two line items.

(e) Insurance assets

The insurance assets of the Fund as at 30 June 2020 are its rights to claim payment of the insurance cover under certain endowment or whole of life insurance policies that would become due and payable on the death and in some instances total and permanent disablement of members of the Fund. These rights match the benefits to be paid to the individual members of the Fund.

3. Prepaid insurance

Due to the short term nature of the prepaid insurance \$14,994 (2019: \$13,353), carrying value approximates the fair value of this asset.

4. Auditor's remuneration

	2020	2019
	\$	\$
Audit and review of financial reports	12,623	12,376
APRA annual returns and compliance audits	8,389	8,224
Total auditor's remuneration*	21,012	20,600

* Amounts GST inclusive

The auditor of the National Mutual Pro-Super 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)

Notes to the financial statements

for the year ended 30 June 2020

5. Related party disclosures

(a) Trustee

The Trustee of the Fund during the reporting period up to 30 June 2020 was N.M. Superannuation Proprietary Limited (ABN 31 008 428 322) ("NM Super") 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 NM Super 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 NM Super 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 NM Super 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 NM Super was the Trustee, the following people were directors and key management personnel of NM Super, except where stated otherwise.

Mr Darryl Mackay (Non-Executive Director)
Mr Tony Brain (Non-Executive Director)
Ms Catherine McDowell (Non-Executive Director) (appointed 11 July 2019)
Mr Stephen Roberts (Non-Executive Director) (appointed 11 July 2019)
Mr Paul Scully (Non-Executive Director) (appointed 1 November 2019)
Ms Sarah Brennan (Non-Executive Director) (appointed 1 November 2019)
Ms Kerrie Howard (Non-Executive Director) (appointed 1 November 2019)
Ms 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, NM Super, 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 AMP Superannuation Limited (ABN 31 008 414 104) and in connection with the management of the Fund and other Trusts (the other Trusts are AMP Retirement Trust, AMP Eligible Rollover Fund, AMP Superannuation Savings Trust, Super Directions Fund, National Mutual Retirement Fund and Wealth Personal Superannuation and Pension Fund). Such remuneration is paid by AMP Services Limited ("AMPS") 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 NM Super 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

5. Related party disclosures (cont.)

(e) Other related party transactions

The Fund takes out death and disability insurance cover with AMPL, which is an associate entity of the Trustee. The charges associated with this service are contained in the Statement of changes in member benefits in the insurance premiums charged to members' accounts. The entitlements associated with this service are contained in the Statement of financial position and disclosed under prepaid insurance.

During the current year, insurance premiums of \$22,358 (2019: \$31,024) were paid to AMPL. As of the reporting date, prepaid insurance of \$14,994 (2019: \$13,353) is receivable from AMPL.

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.

6. 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, NM Super, which are outlined below. Effective 1 July 2020, ETSL replaced NM Super as the Trustee of the Fund and accordingly ETSL's a Risk Management Framework ("RMF") replaces the RMF/RMS operated under NM Super. 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.

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.

(a) Risk management structure

The Fund is exposed to credit risk and liquidity risk as a result of its activities. 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.

AMPL provides services to the Trustee to assist it to carry out the operation, management and administration 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 takes out insurance entirely in AMP Life policies. Credit risk is not considered to be significant to the Fund as the right to claim payment of the insurance cover on 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 AMPL has a rating of A- (2019: A) as determined by Standard and Poor's rating agency.

Notes to the financial statements

for the year ended 30 June 2020

6. Financial risk management objectives and policies (cont.)

(b) Credit risk (cont.)

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 contributions in advance from the employers.

Under a Letter of Support, AMP Wealth Management Holdings Pty Ltd ("AMPWMH") undertakes to provide financial support to NM Super, including ensuring that NM Super remains solvent, continues to maintain adequate levels of liquidity to support its business operations, continues to meet regulatory capital requirements and is able to pay any deductible amount required to be paid under any insurance maintained on behalf of NM Super.

Effective 1 July 2020, ETSL replaced NM Super as the Trustee of the Fund and the Letter of Support has ceased to operate. Accordingly ETSL's investment management framework and governance is in place to manage the liquidity of the Fund.

7. Insurance

The Fund provides death and disability benefits to members. The Trustee has taken out insurance with AMPL to cover these parts of the benefits.

8. 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. However it has not resulted in any impact to the Fund as the Fund only provides risk only product to the members and does not hold any investment.

9. Subsequent events after balance sheet date

Effective 1 July 2020 Equity Trustees Superannuation Limited (ABN 50 055 641 757) ("ETSL") replaced NM Super 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.

National Mutual Pro-Super Fund
TRUSTEES' DECLARATION TO THE MEMBERS

In the opinion of the directors of the Trustee of National Mutual Pro-Super Fund :

1. The accompanying financial statements and notes set out on pages 1 to 8 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 National Mutual Pro-Super 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

National Mutual Pro-Super Fund ABN 46 208 334 003

Report by the RSE Auditor to the trustees and members

Opinion

I have audited the financial statements of National Mutual Pro-Super 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 National Mutual Pro-Super 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