

**JBWere Cash Trust**  
**ARSN 160 854 277**  
**Financial Report**  
**For the year ended 30 June 2019**

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## Directors' report

The Directors of MLC Investments Limited, the Responsible Entity of the JBWere Cash Trust (the 'Scheme'), present their report together with the financial report of the Scheme for the year ended 30 June 2019 and the independent audit report thereon.

### Directors of the Responsible Entity

The names of the persons who were Directors of MLC Investments Limited during or since the year ended 30 June 2019 are as follows:

<b>Name</b>	<b>Appointment / Resignation Date</b>
J G Duffield	Appointed 24 August 2011
P Gupta	Appointed 1 September 2012
C M Keating	Appointed 5 December 2016
G J Mulcahy	Appointed 7 July 2014
K A Watt	Appointed 5 December 2016

The registered office of MLC Investments Limited is located at Ground Floor, MLC Building, 105-153 Miller Street, North Sydney NSW 2060.

### Principal activities

The Scheme is an unlisted registered managed investment scheme domiciled in Australia.

The Scheme invests and transacts in a range of deposit products offered by the National Australia Bank Limited, primarily in the NAB Professional Funds Account in accordance with the provisions of the Constitution of the Scheme.

The Scheme did not have any employees during the year (2018: Nil).

There have been no significant changes to the activities of the Scheme during the year.

The Scheme is a for-profit entity for the purpose of preparing financial statements.

### Result and review of operations

The result of the operations of the Scheme is disclosed in the Statement of Profit or Loss and Other Comprehensive Income. The result is affected by the performance of the markets to which the Scheme has exposure.

For details in relation to the Scheme's investment exposure and strategy, information can be obtained from the investment fund profile located on the JBWere website at [jbwere.com.au](http://jbwere.com.au) or alternatively in the Product Disclosure Statement.

### Distributions

The distributions for the year ended 30 June 2019 were as follows:

	<b>\$'000</b>	<b>Annualised % rate</b>
Distributions paid	<b>31,261</b>	<b>1.34</b>

### Units on issue

Units on issue as at year end and movements during the year are shown in the Statement of Changes in Unitholders' Fund.

The total assets of the Scheme are set out in the Statement of Financial Position. The basis for valuation of the Scheme's assets is disclosed in Note 1 to the financial statements.

### State of affairs

The Responsible Entity's ultimate parent entity National Australia Bank Limited announced on 3 May 2018 its intention to exit the Advice, Platform & Superannuation and Asset Management Business, currently operating under MLC and other related brands. The transaction is expected to be completed in 2020 subject to certain conditions and regulatory approvals; with the ultimate parent entity expected to change when the exit process is complete. In the opinion of the Directors this transaction does not impact on the Responsible Entity's ability to perform its duties.

In the opinion of the Responsible Entity, there were no other significant changes in the state of affairs of the Scheme that occurred during the year end unless otherwise disclosed.

### Likely developments

The investment strategy of the Scheme will be maintained in accordance with the Scheme's Constitution and investment objectives.

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

### Auditor's independence

The Directors received a declaration of independence which was issued in accordance with section 307C of the *Corporations Act 2001* from the auditor of the Scheme, a copy of which is attached to the Directors' report on page 4.

### Events subsequent to the balance date

There has not arisen in the interval between the year end and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to significantly affect the operations of the Scheme, the results of those operations or the state of affairs of the Scheme in future financial years.

### Interests of the Responsible Entity

Units held by MLC Investments Limited and its related parties in the Scheme during the financial year ended 30 June 2019 are detailed in Note 6(h) to the financial statements.

Fees paid to the Responsible Entity during the financial year ended 30 June 2019 are detailed in Note 6(e) to the financial statements.

### Environmental regulation

The operations of the Scheme are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

### Indemnities and insurance premiums for Officers or Auditors

#### *Indemnification*

The Scheme has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer of the Responsible Entity or an auditor of the Scheme during the year.

#### *Insurance premiums*

During the year, the ultimate parent company of the Responsible Entity, National Australia Bank Limited, has paid, or agreed to pay, premiums in respect of its officers for liability, legal expenses, insurance contracts, and premiums in respect of such insurance contracts for the financial year ended 30 June 2019. Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been the officers of the Responsible Entity.

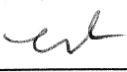
Details of the nature of the liabilities covered or the amount of the premium paid have not been included as such disclosure is prohibited under the terms of the contracts.

### Rounding

The Scheme meets the criteria set out in the *Corporations Instrument 2016/191* issued by the Australian Securities and Investments Commission, and in accordance with that Corporations Instrument, amounts in the financial report and the Directors' report have been rounded off to the nearest thousand dollars unless otherwise stated.

Signed in accordance with a resolution of the Directors of MLC Investments Limited:

Director: CLAIRE KEATING

Signature:  \_\_\_\_\_

Dated at Sydney this 18th day of September 2019



**Building a better  
working world**

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## **Auditor's Independence Declaration to the Directors of MLC Investments Limited, as Responsible Entity for JBWere Cash Trust**

As lead auditor for the audit of JBWere Cash Trust for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Darren Handley-Greaves  
Partner  
18 September 2019

**JBWere Cash Trust**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2019**

	<b>Notes</b>	<b>2019</b>	<b>2018</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Investment income</b>			
Interest Income		<u>50,219</u>	<u>48,482</u>
<b>Total investment income</b>		<u>50,219</u>	<u>48,482</u>
<b>Expenses</b>			
Responsible Entity's fees	6(e)	<u>19,117</u>	<u>18,474</u>
<b>Total operating expenses</b>		<u>19,117</u>	<u>18,474</u>
<b>Net operating profit/(loss)</b>		<u>31,102</u>	<u>30,008</u>
<b>Financing costs</b>			
Distributions	1(p),3	<u>-</u>	<u>30,008</u>
<b>Net profit/(loss)</b>		<u>31,102</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Profit/(loss) and total comprehensive income/(loss) for the year</b>		<u>31,102</u>	<u>-</u>

The above Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

**JBWere Cash Trust**  
**Statement of Financial Position**  
**As at 30 June 2019**

	Notes	2019 \$'000	2018 \$'000
<b>Assets</b>			
Cash and cash equivalents	8(b)	2,471,200	2,071,021
Receivables	4	<u>3</u>	<u>19</u>
<b>Total assets</b>		<u><b>2,471,203</b></u>	<u><b>2,071,040</b></u>
<b>Liabilities</b>			
Payables	5	<u>4,708</u>	<u>4,264</u>
<b>Total liabilities</b>		<u><b>4,708</b></u>	<u><b>4,264</b></u>
<b>Unitholders' fund - equity</b>		<u><b>2,466,495</b></u>	<u><b>2,066,776</b></u>

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

**JBWere Cash Trust**  
**Statement of Changes in Unitholders' Fund**  
**For the year ended 30 June 2019**

	Note	\$'000	Number of Units No. '000
<b>Unitholders' fund at 30 June 2017 - liability*</b>		2,450,235	245,023,666
Applications		11,144,418	1,114,441,650
Redemptions		(11,527,877)	(1,152,787,760)
Change in net assets attributable to unitholders		<u>-</u>	<u>-</u>
<b>Unitholders' fund at 30 June 2018 - equity**</b>		2,066,776	206,677,556
<b>Unitholders' fund at 30 June 2018 - equity**</b>		<b>2,066,776</b>	<b>206,677,556</b>
Net profit/(loss)		31,102	-
Applications		12,407,300	1,240,729,903
Redemptions		(12,007,422)	(1,200,742,192)
Distributions paid/payable	3	<u>(31,261)</u>	<u>-</u>
<b>Unitholders' fund at 30 June 2019 - equity**</b>		<b><u>2,466,495</u></b>	<b><u>246,665,267</u></b>

\*The net assets available to unitholders were reclassified from liability to equity as at 30 June 2018.

\*\*The unitholders' fund is now classified as equity as at 30 June 2018, and subsequent years.

The above Statement of Changes in Unitholders' Fund to be read in conjunction with the accompanying notes.



**JBWere Cash Trust**  
**Statement of Cash Flows**  
**For the year ended 30 June 2019**

	Notes	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
Interest received		50,219	48,525
Responsible Entity's fees paid		<u>(18,837)</u>	<u>(17,551)</u>
<b>Net cash provided by/(used in) operating activities</b>	8(a)	<u>31,382</u>	<u>30,974</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments		-	-
Purchases of investments		<u>-</u>	<u>-</u>
<b>Net cash provided by/(used in) investing activities</b>		<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Applications received		12,376,420	11,114,749
Redemptions paid		(12,007,407)	(11,527,877)
Distributions paid		<u>(216)</u>	<u>(462)</u>
<b>Net cash provided by/(used in) financing activities</b>		<u>368,797</u>	<u>(413,590)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>400,179</b>	<b>(382,616)</b>
Cash and cash equivalents at the beginning of the financial year		<u>2,071,021</u>	<u>2,453,637</u>
<b>Cash and cash equivalents at the end of the financial year</b>	8(b)	<u>2,471,200</u>	<u>2,071,021</u>

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The financial report of the Scheme for the financial year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 18 September 2019.

**(a) Statement of compliance**

The financial report complies with 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').

**(b) Basis of preparation**

The Scheme's year end financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The assets and liabilities are measured on a fair value basis, except where otherwise stated.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are designated as current assets and liabilities as they are expected to be recovered or settled within twelve months. Financial assets and liabilities at fair value through profit or loss and unitholders' fund are expected to be settled upon contractual requirements.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

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

**(c) Basis of consolidation**

The Scheme is an investment entity under the definition in *AASB 10 Consolidated Financial Statements* and, as such, does not consolidate any entities subject to its control. The Scheme does not hold a controlling interest in any of its underlying investments and therefore is not required to provide additional disclosures.

**(d) Unit prices**

The unit price for the units of the Scheme is calculated as at the close of business on each business day.

**(e) Terms and conditions on units**

Each unit issued confers upon the unitholders of the Scheme an equal interest in the Scheme, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Scheme. Unitholders have various rights under the Constitution and the *Corporations Act 2001*, including the right to:

- (i) have their units redeemed;
- (ii) accumulate income, which is reflected in the unit price;
- (iii) attend and vote at meetings of unitholders; and
- (iv) participate in the termination and winding up of the Scheme.

The rights, obligations and restrictions attached to any unit of the Scheme are identical in all respects.

**(f) Significant accounting judgements, estimates, or assumptions**

The Scheme may make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements.

*Estimates and assumptions*

Estimates are continually evaluated and based on historical experience, available information and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Significant accounting judgements, estimates, or assumptions (continued)**

*Judgements*

The Scheme meets the definition of an investment entity under AASB 10 *Consolidated Financial Statements* and therefore is required to measure its interests in controlled entities at fair value through profit or loss. The criteria which define an investment entity are as follows:

- (a) An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- (b) An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- (c) An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

**(g) Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise of cash at bank and demand deposits.

**(h) Receivables**

Receivables may include amounts for interest and other income and are measured initially at fair value plus transaction costs. The impact of expected credit losses on financial assets measured at amortised cost is insignificant. Amounts are generally received within 30 days of being recorded as a receivable.

**(i) Payables**

Payables include accrued expenses owing by the Scheme which are unpaid as at balance date. They are measured initially at fair value plus transaction costs.

**(j) Income and expenses**

Revenue is brought to account on an accrual basis except where otherwise stated.

Expenses are brought to account on an accrual basis.

The Responsible Entity is entitled to receive a fee, calculated in accordance with the Scheme's Constitution, for the provision of management services to the Scheme. The Responsible Entity is entitled to be reimbursed, under the Scheme's Constitution, for certain expenses incurred in administering the Scheme. The amount reimbursed has been calculated in accordance with the Scheme's Constitution.

Other expenses also include government duties and bank interest expense. Auditor's remuneration has not been charged against the Scheme's income as this cost is borne by the Responsible Entity.

**(k) Taxation**

The Scheme elected to have the new taxation regime (AMIT) for the taxation of managed investment schemes apply for the 2018 tax year and later years of income. The Scheme is not subject to income tax as the taxable income (including assessable realised net capital gains) is fully attributed to the unitholders each year. Unitholders are taxed on the income attributed to them.

The unit price is based upon fair values of underlying assets and thus may include a share of unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed.

Net realised capital losses are not distributed to unitholders, but are retained to be offset against any future realised capital gains. Where realised assessable capital gains exceed realised capital losses, the excess will be distributed and attributed to unitholders as assessable income for taxation purposes.

**(l) Distributions to unitholders**

The income of the Scheme is accumulated and reinvested or paid to unitholders on the last day of September, December, March and June.

Income paid out of the Scheme in prior years were disclosed in the Statement of Profit or Loss and Other Comprehensive Income as distributions; as a consequence of entering into the AMIT regime, current and subsequent years income paid out will be classified as distributions in the Statement of Changes in Unitholders' Fund.

Distributable income does not include unrealised gains and losses arising on movements in the fair value of investments; as such, unrealised gains and losses are transferred to unitholders' fund and are not attributed to unitholders as assessable income or distributed until realised.

The Scheme's income distributions are based on an interest rate determined daily, and expressed as an annual rate for the distribution

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(l) Distributions to unitholders (continued)**

period.

**(m) Goods and services tax**

Responsible Entity fees and other expenses are recognised net of the amount of goods and services tax ('GST') recoverable from the Australian Taxation Office ('ATO') as a reduced input tax credit ('RITC').

Creditors and accruals are stated with the amounts of GST included.

The net amount of GST recoverable from the ATO is included in payables in the Statement of Financial Position.

**(n) Derecognition of financial instruments**

The derecognition of financial instruments takes place when the Scheme no longer controls the contractual rights of a financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

**(o) Capital management**

The Responsible Entity manages its unitholders' fund as capital. As at 30 June 2017, the unitholders' fund was classified as a liability. As of 30 June 2018, the Scheme met the conditions required to adopt the AMIT tax regime and consequently the units in the Scheme were reclassified from a financial liability to equity on 30 June 2018 in accordance with the requirements of AASB 132 *Financial Instruments: Presentation* relating to puttable instruments.

The amount of unitholders' fund can change significantly on a daily basis as the Scheme is subject to daily applications and redemptions at the discretion of unitholders.

The Responsible Entity monitors the level of daily applications and redemptions relative to the liquid assets in the Scheme.

In order to maintain or adjust the capital structure, the Responsible Entity may return capital to unitholders. The Scheme does not have any externally imposed capital requirements.

**(p) Unitholders' fund**

As of 30 June 2018, and subsequent years, as a result of the reclassification of net assets attributable to unitholders from liabilities to equity, the Scheme's distributions are no longer classified as a finance cost in the Statement of Profit or Loss and Other Comprehensive Income, but rather as distributions paid in the Statement of Changes in Unitholders' Fund.

The units can be put back to the Scheme at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the financial year, if unitholders exercised their right to put the units back to the Scheme.

**(q) Application of accounting standards**

**Changes in Accounting Policy**

The Scheme has adopted all mandatory standards and amendments for the financial year beginning 1 July 2018. Adoption of these standards and amendments has not had any material effect on the financial position or performance of the Scheme.

***AASB 9 Financial Instruments***

AASB 9 contains new requirements for classification, measurement, and derecognition of financial assets and liabilities replacing the recognition and measurement requirements in AASB 139 *Financial Instruments: Recognition and Measurement*. The Scheme's financial assets and financial liabilities that are measured at fair value through profit or loss continue to be classified and measured at fair value through profit or loss. The Scheme's receivables continue to be classified at amortised cost. Furthermore the Scheme does not apply hedge accounting. The adoption of AASB 9 has not had a significant impact on the Scheme's financial statements.

***AASB 15 Revenue from Contracts with Customers***

AASB 15 makes significant changes to revenue recognition and adds some additional disclosures, replacing AASB 111 *Constructions Contracts* and AASB 118 *Revenue*. The new standard provides a five-step model to be applied to all contracts with customers when determining when to recognise revenue, and at what amount. The Scheme's main source of revenue is interest income. As all of the revenue is outside the scope of the new standard, the standard does not have a material impact on the Scheme's financial position or performance, or the presentation and disclosures in the Financial Report.

**NOTE 2 - AUDITOR'S REMUNERATION**

	2019	2018
	\$	\$
<b>Total amount paid or due and payable to Ernst &amp; Young:</b>		
Audit of financial reports	11,000	11,113
Other assurance engagements	<u>2,217</u>	<u>2,106</u>
	<u><b>13,217</b></u>	<u><b>13,219</b></u>

Auditor's remuneration for the Scheme has been paid by the Responsible Entity. Other assurance engagements consist of compliance plan audit and specified procedures performed on the direct investments of the Scheme.

**NOTE 3 - DISTRIBUTIONS**

Income paid out of the Scheme in prior years were disclosed in the Statement of Profit or Loss and Other Comprehensive Income as distributions; whilst current and subsequent years income paid out is classified as distributions in the Statement of Changes in Unitholders' Fund as stated below:

	\$'000	Annualised % rate
<b>2019</b>		
September	7,968	1.37
December	7,911	1.37
March	7,693	1.34
June	<u>7,689</u>	<u>1.28</u>
	<u><b>31,261</b></u>	<u><b>1.34</b></u>
<b>2018</b>		
September	7,633	1.27
December	7,761	1.37
March	7,256	1.34
June	<u>7,358</u>	<u>1.36</u>
	<u><b>30,008</b></u>	<u><b>1.34</b></u>

**NOTE 4 - RECEIVABLES**

	2019	2018
	\$'000	\$'000
Unsettled unit applications	-	16
Interest receivables	<u>3</u>	<u>3</u>
	<u><b>3</b></u>	<u><b>19</b></u>

**NOTE 5 - PAYABLES**

	2019	2018
	\$'000	\$'000
Unsettled unit redemptions	15	-
Amounts owing to Responsible Entity	<u>4,693</u>	<u>4,264</u>
	<u><b>4,708</b></u>	<u><b>4,264</b></u>

**NOTE 6 - RELATED PARTIES**

**(a) Responsible Entity**

The Responsible Entity of the Scheme is MLC Investments Limited ABN 30 002 641 661, whose immediate holding company is National Wealth Management Services Limited ABN 97 071 514 264 and the ultimate parent company is National Australia Bank Limited ABN 12 004 044 937.

The Responsible Entity is incorporated and domiciled in Australia.

**(b) Key Management Personnel**

**Directors**

The names of the persons who were Directors of MLC Investments Limited at any time during the financial year were as follows:

Name	Appointment / Resignation Date
J G Duffield	Appointed 24 August 2011
P Gupta	Appointed 1 September 2012
C M Keating	Appointed 5 December 2016
G J Mulcahy	Appointed 7 July 2014
K A Watt	Appointed 5 December 2016

In addition to the Directors noted above, the Responsible Entity provides key management personnel services to the Scheme.

Key management personnel are paid by a related party of the Responsible Entity. Payments made from the Scheme to the Responsible Entity do not include any amounts directly attributable to key management personnel remuneration.

**(c) Other related party transactions with the Scheme**

From time to time, the Directors of MLC Investments Limited, or their related entities, may invest in or withdraw from the Scheme. These investments or withdrawals are on the same terms and conditions as those entered into by other Scheme investors.

**(d) Amounts payable to the Responsible Entity**

The net amount of payables to MLC Investments Limited by the Scheme at balance date is as follows:

	2019	2018
	\$	\$
Amounts owing to Responsible Entity	<b>4,483,294</b>	4,203,377

**(e) Responsible Entity's fees**

The Responsible Entity's fees have been calculated in accordance with the Scheme's Constitution. Total fees paid and payable (net of rebates where applicable) are as follows:

	2019	2018
	\$	\$
Responsible Entity's fees	<b>19,117,285</b>	18,474,295

**(f) Expense reimbursement**

The Responsible Entity is entitled, under the Scheme's Constitution, to be reimbursed for certain expenses incurred in administering the Scheme. The basis on which the expenses are reimbursable is defined in the Constitution. There were no expense reimbursements during the year (2018: Nil).

**NOTE 6 - RELATED PARTIES (continued)**

**(g) Related party investments**

The Scheme's cash and cash equivalents and investments in cash accounts are held with National Australia Bank Limited. These investments are in the normal course of business and on normal commercial terms and conditions in accordance with the provisions of the Scheme's Constitution. Details of the investment held by the Scheme are set out below:

	<b>Fair value of investment</b>
	<b>\$</b>
<b>2019</b>	
NAB Professional Funds Account - National Australia Bank Limited	<b>2,421,970,797</b>
<b>2018</b>	
NAB Professional Funds Account - National Australia Bank Limited	2,037,658,597

**(h) Unitholder investing activities**

MLC Investment Limited and its related parties did not hold any units in the Scheme at year end.

**NOTE 7 - FINANCIAL RISK MANAGEMENT**

**(a) Financial Risk Management Objectives, Policies and Processes**

The Scheme's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk, interest rate risk, equity and other price risk), liquidity and cash flow risk. The Scheme's overall risk management programme is aligned to the investment strategy of the Scheme as detailed in its Constitution and Product Disclosure Statement. It focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Scheme's financial performance. The Responsible Entity monitors the risk management framework, which is performed internally and reported on a quarterly basis.

**(b) Credit Risk**

The Scheme takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

All cash and cash equivalents were held with National Australia Bank Limited as at 30 June 2019 and 30 June 2018.

There was no significant credit risk in the Scheme as at 30 June 2019 and 30 June 2018.

**(c) Market Risk**

*(i) Currency Risk*

Currency risk is the risk that the fair value of future cash flows of the financial instrument will fluctuate due to changes in foreign exchange rates.

There was no significant direct currency risk in the Scheme as at 30 June 2019 and 30 June 2018.

*(ii) Interest rate risk*

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

The sensitivity on the Statement of Profit or Loss and Other Comprehensive Income is the effect of the assumed changes in interest rates on the interest income for one year, based on the floating rate financial assets held at 30 June 2019 and 30 June 2018, which is demonstrated in the following table.

<b>Currency</b>	<b>2019</b>				<b>2018</b>			
	<b>Change in interest rate (basis points)</b>		<b>Effect on Statement of Profit or Loss and Other Comprehensive Income \$'000</b>		<b>Change in interest rate (basis points)</b>		<b>Effect on Statement of Profit or Loss and Other Comprehensive Income \$'000</b>	
	+	-	+	-	+	-	+	-
Cash and cash equivalents	100	(100)	24,712	(24,712)	100	(100)	20,710	(20,710)

**NOTE 7 - FINANCIAL RISK MANAGEMENT (continued)**

**(c) Market Risk (continued)**

*(iii) Equity and Other Price Risk*

Equity and other price risk is the risk that the fair value of equities and unit prices decrease as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market.

There was no significant direct equity and other price risk in the Scheme as at 30 June 2019 and 30 June 2018.

**(d) Liquidity and Cash Flow Risk**

The Scheme is exposed to daily cash redemptions of redeemable units.

Unitholders' fund is repayable on demand, subject to redemption freeze provisions. In addition the Scheme's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

In accordance with the Scheme's policies, the Scheme's liquidity position is monitored on a daily basis, and the Responsible Entity reviews this on a quarterly basis.

The Scheme's liabilities are expected to be settled within one to three months.

**NOTE 8 - NOTES TO THE STATEMENT OF CASH FLOWS**

	2019 \$'000	2018 \$'000
<b>(a) Reconciliation of operating profit to net cash flows from operating activities</b>		
Net operating profit/(loss)	31,102	30,008
<i>Changes in the assets and liabilities during the year:</i>		
(Increase)/decrease in interest receivables	-	43
Increase/(decrease) in amounts owing to Responsible Entity	<u>280</u>	<u>923</u>
<b>Net cash provided by/(used in) operating activities</b>	<b><u>31,382</u></b>	<b><u>30,974</u></b>
 <b>(b) Cash and cash equivalents</b>		
For the purposes of the Statement of Cash Flows, cash includes cash at bank. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
NAB Professional Funds Account	2,421,971	2,037,659
Cash at bank	<u>49,229</u>	<u>33,362</u>
	<b><u>2,471,200</u></b>	<b><u>2,071,021</u></b>
 <b>(c) Non-cash financing and investing activities</b>		
Distributions to unitholders reinvested	<u>30,896</u>	<u>29,653</u>
	<b><u>30,896</u></b>	<b><u>29,653</u></b>

**NOTE 9 - EVENTS OCCURRING AFTER THE BALANCE DATE**

There has not arisen in the interval between the year end and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to significantly affect the operations of the Scheme, the result of those operations or the state of affairs of the Scheme in future financial years.

**NOTE 10 - COMMITMENTS AND CONTINGENT LIABILITIES**

The Scheme has no known commitments or contingent liabilities as at 30 June 2019 and 30 June 2018.



**Directors' declaration**

In the opinion of the Directors of MLC Investments Limited, the Responsible Entity of the Scheme:

The financial statements and notes set out on pages 5 to 15 are in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the financial position of the Scheme as at 30 June 2019 and its performance for the year ended on that date;
- (b) complying with Accounting Standards and *Corporations Regulations 2001*;
- (c) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable; and
- (d) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).

This declaration is made in accordance with a resolution of the Directors.

Director: CLAIRE KEATING

Signature: 

Dated at Sydney this 18th day of September 2019



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## **Independent Auditor's Report to the Unitholders of JBWere Cash Trust:**

### **Opinion**

We have audited the financial report of JBWere Cash Trust (the 'Scheme'), which comprises the statements of financial position as at 30 June 2019, the statements of profit or loss and other comprehensive income, statements of changes to unitholders funds and statements of cash flows for the year then ended, notes to the financial statement, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Scheme's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### **Basis for Opinion**

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

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

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

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

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

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

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



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## **Responsibilities of the Directors for the Financial Report**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Report**

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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.
- Obtain 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



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We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Ernst & Young

A handwritten signature in cursive script that reads 'Darren Handley-Greaves'.

Darren Handley-Greaves  
Partner  
Sydney  
18 September 2019