

Company Number: 3663932

MLC SAVINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

30 SEPTEMBER 2012

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MLC SAVINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

30 SEPTEMBER 2012

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MLC SAVINGS LIMITED

Officers and Professional Advisers

Directors

Lesley Beattie
Steven Fletcher (Appointed 27 July 2012)

Secretary

Bernadette Lewis

Registered Office

88 Wood Street
London
EC2V 7QQ

Bankers

Clydesdale Bank PLC

Auditors

Ernst & Young LLP
Registered Auditor
Ten George Street
Edinburgh
EH2 2DZ

MLC SAVINGS LIMITED

Report of the Directors

The Directors of MLC Savings Limited ("the Company") submit their report and Financial Statements for the year ended 30 September 2012

Activities

The Company receives trail commission relating to the sale of its investment business in 2009

Profits and appropriations

The profit attributable to the shareholder for the year ended 30 September 2012 amounted to £16,000 (2011 £33,000)

There were no dividends paid during the year to 30 September 2012 (2011 £Nil). The Directors do not recommend the payment of a final dividend on the ordinary shares and non-cumulative preference shares in respect of this financial year (2011 £Nil)

Business Review

The Directors consider that the Company's activities will remain unchanged for the foreseeable future

Principal risks and uncertainties

The key risks facing the Company are discussed further in note 9

Directors and Directors' interests

The current Directors are shown on page 2

Appointments

Steven Fletcher	27 July 2012
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Resignations

Ian Jackson	25 January 2013
Stephen Reid	30 April 2013

Director' interests

No Director had any interest in the shares, debentures or share options of the Company at any time during the year. As the Company is a wholly-owned subsidiary of National Australia Bank Limited ("NAB"), which is incorporated in Australia, any interest which the Directors may have in NAB does not need to be notified to the Company so is not disclosed in this report

Directors' liabilities

During the year the NAB Group paid a premium for a contract insuring the directors and officers of NAB, its subsidiaries and controlled entities against personal liabilities which may arise in the course of the performance of their duties, as well as protecting the Company itself to the extent that it is obligated to indemnify directors and officers for such liability

Directors' remuneration

The Directors of the Company are remunerated as employees of the National Australia Group Europe Limited ("NAGE") or its subsidiary Clydesdale Bank PLC ("CB PLC"), and do not receive incremental remuneration in respect of their duties as Directors of the Company. As there has been no substantial new activity in the year requiring executive input, the Directors believe it would be inappropriate to apportion part of their remuneration as being in respect of their duties to the Company

MLC SAVINGS LIMITED

Report of the Directors (continued)

Corporate governance

It is the Company's policy not to include all the disclosures in respect of voluntary corporate governance Codes of Practice as it is a wholly owned subsidiary of NAB. The NAB Group's 2012 Annual Financial Statements detail the Corporate Governance framework applicable to the Company. These disclosures are made after consideration of authoritative pronouncements on audit committees and associated disclosures in Australia, the USA and the UK.

Re-appointment of auditors

In accordance with section 487 of the Companies Act 2006, the Company's auditors, Ernst & Young LLP, will be deemed to have been re-appointed at the end of the period of 28 days following circulation of copies of these Financial Statements as no notice has been received from members pursuant to section 488 of the Companies Act 2006 prior to the end of the accounting reference period to which these Financial Statements relate.

Financial risk management

Details of the Company's critical accounting policies are set out in note 2.

The Directors consider there not to be a material exposure to market risk. The impact of market price volatility did not have a significant effect on the operating activities of the Company. The Directors consider, liquidity and interest rate risk not to have a material effect on the Company's financial performance. Detail on the group's market and liquidity risk is discussed in note 9 in the accounts.

Directors' statement as to disclosure of information to auditors

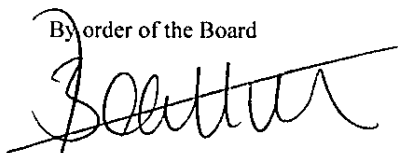
The Directors who were members of the board at the time of approving the Directors' report are listed on page 2. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware, and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Going concern

As set out in note 1, after making enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

By order of the Board



Lesley Beattie
Director
13 June 2013

MLC SAVINGS LIMITED

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable United Kingdom law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union

Company Law requires the Directors to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss for that financial year. In preparing those Financial Statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- make judgements and estimates that are reasonable and prudent,
- provide additional disclosures when compliance with the specific requirements of IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- state that the Company has complied with IFRSs, subject to any material departures disclosed and explained in the Financial Statements

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

MLC SAVINGS LIMITED

Independent Auditor's Report to the members of MLC Savings Limited

We have audited the Financial Statements of MLC Savings Limited for the year ended 30 September 2012 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flow and the Statements of Changes in Shareholder's Equity, and the related notes 1 to 11. The Financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's Directors, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Director's Responsibilities on page 5, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the Financial Statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2012 and of its profit for the period then ended
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

MLC SAVINGS LIMITED

Independent Auditor's Report to the members of MLC Savings Limited

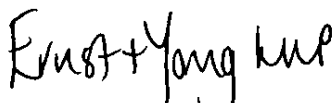
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the Financial Statements are prepared is consistent with the Financial Statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the Financial Statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Caroline Mercer (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Edinburgh

13 June 2013

MLC SAVINGS LIMITED**Statement of Comprehensive Income for the year ended 30 September 2012**

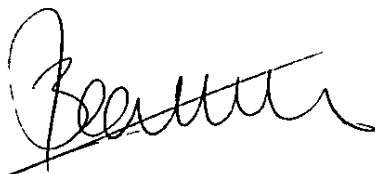
	Note	2012 £'000	2011 £'000
Trail commission		21	22
Operating profit		<u>21</u>	<u>22</u>
Interest receivable	3	-	10
Total comprehensive income for the year before tax		<u>21</u>	<u>32</u>
Taxation (charge)/credit	4	(5)	1
Total comprehensive income for the year		<u>16</u>	<u>33</u>

All material items dealt with in arriving at the profit on ordinary activities before tax for 2012 and 2011 relate to continuing operations

MLC SAVINGS LIMITED**Balance Sheet as at 30 September 2012**

	Note	2012 £'000	2011 £'000
Non current assets			
Due from related entities	6	5,000	-
Current assets			
Cash at bank	5	831	5,842
Total assets		<u>5,831</u>	<u>5,842</u>
Current liabilities			
Due to related entities	6	-	26
Corporation tax		3	4
Total liabilities		<u>3</u>	<u>30</u>
Net assets		<u>5,828</u>	<u>5,812</u>
Shareholder's equity			
Called up share capital	7	4,250	4,250
Retained earnings		1,578	1,562
Total shareholder's equity		<u>5,828</u>	<u>5,812</u>

These Financial Statements were approved by the Board of Directors on the 13 June 2013 and were signed on it's behalf



Lesley Beattie
Director

MLC SAVINGS LIMITED**Statement of Cash Flows for the year ended 30 September 2012**

	Note	2012 £'000	2011 £'000
Cash flows from operating activities			
Operating profit		21	22
Changes in operating assets and liabilities			
<i>Net (increase)/decrease in</i>			
Due from related entities		(5,000)	4
<i>Net (increase)/decrease in</i>			
Due to related entities		(26)	11
Net cash (used in)/provided by operating activities before tax		<u>(5,005)</u>	<u>37</u>
Payments (made)/received for group relief		<u>(6)</u>	<u>3</u>
Net cash (used in)/provided by operating activities		<u>(5,011)</u>	<u>40</u>
Cash flows from financing activities			
Interest received from non group companies		-	10
Net cash provided by financing activities		<u>-</u>	<u>10</u>
Net (decrease)/increase in cash and cash equivalents		(5,011)	50
Cash and cash equivalents at beginning of year		<u>5,842</u>	<u>5,792</u>
Cash and cash equivalents at end of year	5	<u><u>831</u></u>	<u><u>5,842</u></u>

MLC SAVINGS LIMITED**Statement of Changes in Shareholder's Equity for the year ended 30 September 2012**

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 30 September 2010	4,250	1,529	5,779
Total comprehensive income for the year ended 30 September 2011	<u>-</u>	<u>33</u>	<u>33</u>
Balance at 30 September 2011	4,250	1,562	5,812
Total comprehensive income for the year ended 30 September 2012	<u>-</u>	<u>16</u>	<u>16</u>
Balance at 30 September 2012	<u>4,250</u>	<u>1,578</u>	<u>5,828</u>

MLC SAVINGS LIMITED

Notes to the Financial Statements

1. Basis of preparation

Reporting entity

The Company is incorporated in the UK and registered in England and Wales

Statement of compliance

The Financial Statements of the Company have been presented in accordance with International Financial Reporting Standards as adopted by the European Union and as applied in accordance with the Companies Act 2006. The principal accounting policies adopted by the Company are set out in note 2.

The Financial Statements of the Company for the year ended 30 September 2012 were authorised for issue by the Board of Directors on 13 June 2013.

Basis of measurement

The Financial Statements have been prepared on a going concern basis under the historical cost convention, as modified by the application of fair value measurements.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Report of the Directors on page 3. In addition note 8 to the Financial Statements includes the Company's objectives, policies and processes for managing its capital and note 9 to the Financial Statements includes the Company's financial risk management objectives, and its exposure to liquidity risk.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and Financial Statements.

2. Accounting policies

Functional and presentation currency

All amounts are expressed in pounds sterling, which is the Company's functional and presentation currency, rounded to the nearest thousand pounds unless otherwise stated.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised:

Trail Commission

The Company receives trail commission in respect of pension products transferred to AXA Group. Due to the nature of the income received this is accounted for on a cash basis.

Corporation tax

Corporation tax on the profit or loss for the year comprises current tax. Corporation tax is recognised in the income statement except to the extent that it is related to items recognised in equity, in which case the tax is also recognised in equity.

Corporation tax expense is the tax payable on the current period's taxable income based on the applicable tax rate adjusted by changes in deferred tax assets and liabilities.

Current tax

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

MLC SAVINGS LIMITED

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise balances within three months maturity from the date of inception

Accounting developments

The following Standards and amendments have been adopted in the current financial year. None of these Standards or amendments have had a material impact on the Company's Financial Statements

- *Revision to IAS 24 Related Party Disclosures, issued 4 November 2009 and effective for financial years beginning on or after 1 January 2011*. The revision provided clarification of the definition of related parties to enhance consistency, it also introduced a partial exemption for government related entities
- *Improvements to IFRSs 2010, issued 6 May 2010 and effective for financial years beginning on or after 1 January 2011*. This sets out minor amendments to IFRS Standards as part of the IASB's annual improvement process

The following amendments are relevant to the Company and were available for adoption in the European Union, but are not mandatory and have not been applied by the Company in the 30 September 2012 reporting year

- *Amendments to IAS 1, issued 16 June 2011 and effective for financial years beginning on or after 1 July 2012*. The amendment sets out enhanced presentation requirements of items of other comprehensive income

The following Standards, revisions and amendments are relevant to the Company but were not available for adoption in the European Union and have not yet been applied by the Company in the 30 September 2012 reporting year

- *Improvements to IFRSs 2009 – 2011 cycle, issued 17 May 2012 and effective for financial years beginning on or after 1 January 2013*. As part of the IASB's annual improvement process, this makes numerous non-essential changes to accounting standards which are necessary to maintain the overall integrity of Financial Statements. The impact of these Improvements is not considered to be material to the Company

3. Interest receivable

	2012 £'000	2011 £'000
Interest receivable - non group companies	-	10

4 Corporation tax

a) Analysis of charge/(credit) in year

	2012 £'000	2011 £'000
The charge/(credit) for taxation comprises		
Current tax		
United Kingdom corporation tax at 25% (2011: 27%)		
- current year	5	8
- prior year	-	(9)
Total tax charge/(credit) for year	5	(1)

MLC SAVINGS LIMITED

Notes to the Financial Statements (continued)

4. Corporation tax (continued)

b) Factors affecting tax charge/(credit) for the year

Tax assessed for the year is the standard rate of corporation tax in the UK 25% (2011 27%)

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	21	32
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2011 27%)	5	8
Adjustments to tax charge in respect of previous periods	-	(9)
Total tax charge/(credit) for the year	5	(1)

The Finance Bill 2012 was substantively enacted on 3 July 2012. The reduction to the standard rate of corporation tax from 24% to 23% will be effective from 1 April 2013. A further reduction of 3% is anticipated until the rate reaches 20% in 2015.

5. Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprises the following balances due within 3 months at inception

	2012 £'000	2011 £'000
Cash at bank and on hand	831	5,842

Cash at bank held with Clydesdale Bank PLC earned interest at floating rates based upon daily bank deposit rates

6. Related party transactions

The immediate parent undertaking is National Europe Holdings (Wealth Management) Limited ("NEHWM"), a Company incorporated in the United Kingdom

The ultimate parent undertaking, and ultimate controlling party, is NAB, a Company incorporated in the State of Victoria, Australia. This Company also heads the largest group in which the results of the Company are consolidated.

The Company receives a range of services from the parent and related parties, including loans and various administration services

	2012 £'000	2011 £'000
Amount due from related entities		
<i>Cash at bank</i>		
Controlled entities of the ultimate parent	831	5,842
<i>Trade and other receivables</i>		
Controlled entities of the ultimate parent	5,000	-
Amounts due to related undertakings		
<i>Trade and other payables</i>		
Controlled entities of the ultimate parent	-	26

6 Related party transactions (continued)

Transactions with related entities

Transactions with Directors, key management and their close family members

There were no transactions with Directors, key management or their close family members during the year and no amounts outstanding at 30 September 2012 under transactions, arrangements and agreements with the Company from Directors, key management and their close family members during the year. Amounts outstanding under transactions, arrangements and agreements with credit institutions within the NAB Group for Directors are disclosed in the consolidated Financial Statements of NAB, which are publicly available.

Other related party transactions

In the normal course of business the Company maintains accounts and conducts transactions with other members of the NAB Group. The Company's audit fees are borne by NAGE who paid £4,300 on behalf of the Company in the current financial year (2011: £6,000).

Directors' remuneration

The Directors are employed as executives of other NAGE Group companies. The aggregate emoluments of the Directors of the Company were £Nil (2011: £Nil).

7. Share capital

Authorised	Number	£'000
Ordinary shares of £1 each	2,000,000	2,000
Non-cumulative preference shares of £1 each	2,500,000	2,500
At 30 September 2012 and 2011	4,500,000	4,500
Allotted, called up and fully paid:		
Ordinary shares of £1 each	1,750,001	1,750
Non-cumulative preference shares of £1 each	2,500,000	2,500
At 30 September 2012 and 2011	4,250,001	4,250

Non-cumulative preference shares

- (1) Entitle holders, in priority to holders of all other class of shares, to a fixed non-cumulative preferential dividend at a rate of 0.1% per annum per share on the nominal capital paid up.
- (2) On a return of capital on winding-up, or (other than on redemption or purchase of shares) otherwise, will carry the right to repayment of capital, this right is in priority to the rights of ordinary shares.
- (3) The Company shall have the right to redeem at any time and from time to time after the date, which is in each case five years after the issue of such shares, all or any of the Preference Shares for the time being issued and outstanding, upon giving the holders at least 28 days prior notice in writing of the date when such redemption is to occur.

8 Capital Management

The Company's prime objective is to provide a sufficient capital base to cover business risks, maintain a targeted credit rating and to support future business development. The Company considers its capital to be total shareholders equity as shown in the balance sheet.

MLC SAVINGS LIMITED

Notes to the Financial Statements (continued)

9. Financial Risk Management

Management of Risk

In line with the NAB Group Risk Charter, the Company's approach to risk management is based on an overriding principle that risk management capability must be embedded within the business' front-line teams to be effective

Control is exercised through clearly defined delegation of authority, with clear and rapid communication and escalation channels throughout the organisation. The first line of defence comprises the business units managing the risk associated with their activities. The second line encompasses dedicated risk functions who are accountable for independent monitoring and oversight. The third line of defence relates to Internal Audit independently reviewing, monitoring and testing business unit compliance with risk policies and procedures, and regularly assessing the overall effectiveness of the risk management framework.

Operational risk and compliance

Operational risk is the risk of loss resulting from inadequate or failed processes, people or systems, or from external events. The NAB Group continues to place significant focus on improving its operational risk management processes and systems.

Strategy in using financial instruments

The Company does not have any exposure to fair value hedging, cash flow hedging, derivatives or credit related commitments.

Market risk

The Directors consider the Company to have minimal exposure to market risk. The impact of market price volatility does not have a significant effect on the operating activities of the Company.

Credit risk

Credit risk is the risk of loss resulting from the failure of a counterparty to perform its financial obligations or to perform them in a timely fashion. The Company holds no significant concentrations of credit risk, and cash is held with at least BBB+ rated banks (Standard and Poor's rating). The amount disclosed in the balance sheet in respect of current assets of £5,831,000 (2011: £5,842,000) represents the Company's maximum exposure to credit risk.

Interest Rate Risk

The exposure to interest rate risk is related to cash balances held with related parties. Therefore, the Directors consider this risk to be minimal.

Liquidity and funding risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. Liquidity risk arises from the possibility that market conditions prevailing at some point in the future will require the Company to sell assets at a value which is below their underlying worth. Liquidity can be reduced substantially as a result of external economic or market events, market size or the actions of individual participants.

Due to the nature of the Company's operations, cash balances are held with related parties. The Directors therefore consider the exposure to liquidity risk to be minimal.

MLC SAVINGS LIMITED
Notes to the Financial Statements (continued)

9 Financial Risk Management (continued)

Liquidity and funding risk (continued)

2012	Call £'000	3 months or less £'000	No specified maturity £'000	Total £'000
Assets				
Cash at bank	831	-	-	831
Due from related entities	-	-	5000	5,000
	<u>831</u>	<u>-</u>	<u>5000</u>	<u>5,831</u>

Liabilities				
Corporation tax	3	-	-	3

2011	Call £'000	3 months or less £'000	No specified maturity £'000	Total £'000
Assets				
Cash at bank	5,842	-	-	5,842
Liabilities				
Due to related entities	-	-	26	26
Corporation tax	4	-	-	4
	<u>4</u>	<u>-</u>	<u>26</u>	<u>30</u>

Cash flows payable under financial liabilities

2012	Call £'000	No specified maturity £'000	Total £'000
Corporation tax	3	-	3
2011			
	Call £'000	No specified maturity £'000	Total £'000
Due to related entities	-	26	26
Corporation tax	4	-	4
	<u>4</u>	<u>26</u>	<u>30</u>

The amounts above agree to the balances reported in the Company's balance sheet as these amounts reflect the best estimate of the values which will be settled when the liabilities fall due

10 Employees

All staff were provided by NAGE group companies to fellow subsidiaries of National Wealth Management Europe Holdings Limited

11 Events since the balance sheet date

There have been no subsequent events which have occurred since 30 September 2012 that would require disclosure in the Financial Statements of the Company