ASCF Managed Investments Pty Ltd

ABN 67 628 059 567

Financial Report for the Year Ended - 30 June 2021

Directors

The following persons were Directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Richard John Taylor appointed
Kosta Nicholas Giovanos appointed
Filippo Sciacca appointed

Information on Directors

Name:	Richard Taylor
Title:	Mr
Qualifications:	Mr Taylor has a Bachelor of Economics from Bournemouth University, a Diploma in Commercial Management from Bournemouth University, a Diploma of Financial Services (Financial Planning) from Tribeca, a Certificate IV in Financial Services (Finance/Mortgage Broking) and a Diploma of financial Services (Finance/Mortgage Broking Management) from Intellitrain, and a Certificate IV in Property Services (Real Estate) from the Australian School of Business & Law. Mr Taylor is also an accredited Financial Broker (no. 16714) of the Mortgage and Finance Association of Australia and is a licensed Re.al Estate Agent, Old (no.3981311).
Experience and expertise:	Mr Taylor has extensive experience in the finance and credit industries, working across both industries for more than 38 years.
Special responsibilities:	Chief Executive Officer & Director of Finance
Name:	Kosta Giovanos
Title:	Mr
Qualifications:	Mr Giovanos holds a Certificate IV in Finance and Mortgage Broking from the Finance and Related Services Training Academy and is a registered member of both the Mortgage and Finance Association of Australia and the Credit and Investments Ombudsman.
Experience and expertise:	Mr Giovanos commenced his career in 2005 as a Sales Manager for home and investment lending for National Fidelity Mortgage, a residential mortgage lender operating in the United States of America before becoming a Branch Manager and Private Client Manager at Bankwest. After three years with Bankwest, Mr Giovanos worked as a Relationship Manager at ANZ specialising in: business banking, commercial lending, franchising, unsecured business lending, low doc commercial loans, and start up business lending.
Special responsibilities:	Director of Business Development
Name:	Filippo Sciacca
Title:	Mr
Qualifications:	Mr Sciacca has a Bachelor of Laws from the Queensland University of Technology and commenced his career as a property lawyer at Sciaccas Lawyers and Consultants in 1987 before pursuing a career in property development.
Experience and expertise:	Mr Sciacca was a Director of Kozmic Developments, a property development group between 1997 and 2016, during which time the Kozmic group developed over 400 apartments in and around the Brisbane. Mr Sciacca has worked across the property development industry for over 20 years and has extensive expertise in relation to the property market.
Special responsibilities:	Director of Investor Relations, Asset Management & Compliance

Meetings and compliance

The directors held four board & compliance meetings throughout the financial year. The dates held and those in attendance are listed below:

Attendees	Meeting Dates
Filippo Sciacca	20th August 2020
Kosta Giovanos	
Richard Taylor	
Filippo Sciacca	12th November 2020
Kosta Giovanos	
Richard Taylor	
Filippo Sciacca	6th March 2021
Kosta Giovanos	
Richard Taylor (by phone)	
Filippo Sciacca	21st June 2021
Kosta Giovanos	
Richard Taylor (by phone)	

Review of operations

The profit for the company after providing for income tax amounted to $1,752,445 (30 June 2020: $1,699,894).

Significant changes in the state of affairs

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. There were no other significant changes in the state of affairs of the Company during the financial year.

There were no other significant changes in the state of affairs of the company during the financial year.

Principal Activities

The principal activity of the Company during the year was the provision of regular monthly income through a selection of investments in short-term registered first and second mortgages.

No significant change in the nature of these activities occurred during the year.

Events subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Dividends

Dividends paid during the financial year were as follows:

	30 June 2021 $	30 June 2020 $
Interim dividend for the year ended 30 June 2020 1,390,000: $463.33 per ordinary share franked to 81.45% (2019: Interim dividend of $975,000 to 61.45%)	1,390,000	975,000

ASCF Managed Investments Pty Ltd
Directors' report
30 June 2021

Shares under option
No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and here were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnity and insurance of officers
The company has indemnified the Directors and executives of the company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the Directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditor's independence declaration
A copy of the auditor's independence declaration is set out immediately after this Directors' report.

Shares issued on the exercise of options
There were no ordinary shares of the Company issued on the exercise of options during the year ended 30 June 2020 and up to the date of this report.

Auditor
Grant Thornton Audit Pty Ltd continues in office as auditor.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Richard John Taylor Director	Kosta Nicholas Giovanos Director	Filippo Sciacca Director
28 October 2021	28 October 2021	28 October 2021

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Auditor's Independence Declaration

To the Directors of ASCF Managed Investments Pty Ltd

As lead auditor for the audit of ASCF Managed Investments Pty Ltd for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit Pty Ltd
Chartered Accountants

M C Bragg
Partner – Audit & Assurance

Brisbane, 28 October 2021

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General information

The financial statements cover ASCF Managed Investments Pty Ltd as an individual entity. ASCF Managed Investments Pty Ltd is a public private limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business are:

Registered office	Principal place of business
Suite 6c, 33 Park Road MILTON QLD 4064	Suite 6c, 33 Park Road MILTON QLD 4064

A description of the nature of the company's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 28 October 2021. The Directors have the power to amend and reissue the financial statements.

ASCF Managed Investments Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	30 June 2021 $	30 June 2020 $
Revenue			
Loan Interest Income		5,543,045	5,534,160
Loan Mortgage Fees		1,046,045	1,068,936
ADI Interest Income		26,112	19,315
Total revenue		6,615,202	6,622,411
Expenses			
Administration expenses		(311,083)	(194,346)
Performance Fees		(358,750)	(358,750)
Interest Expense	3	(3,065,994)	(3,103,550)
Impairment expense	7	(385,053)	(621,084)
Total expenses		(4,120,880)	(4,277,730)
Profit before income tax expense		2,494,322	2,344,681
Income tax expense	5	(741,877)	(644,787)
Profit after income tax expense for the year	13	1,752,445	1,699,894
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		1,752,445	1,699,894

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

ASCF Managed Investments Pty Ltd
Statement of financial position
As at 30 June 2021

	Note	30 June 2021 $	30 June 2020 $
Assets			
Cash and cash equivalents	6	3,463,298	2,149,278
Loans Receivable	7	33,468,921	34,364,043
Other receivables	8	-	1,617
Deferred tax asset	10	81,152	177,904
Total assets		37,013,371	36,692,842
Liabilities			
Trade and other payables	9	176,882	16,010
Provision for income tax	10	460,746	752,169
Borrowings	11	34,848,947	34,783,550
Deferred tax	10	23,238	-
Total liabilities		35,509,813	35,551,729
Net assets		1,503,558	1,141,113
Equity			
Issued capital	12	3,000	3,000
Retained profits	13	1,500,558	1,138,113
Total equity		1,503,558	1,141,113

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

ASCF Managed Investments Pty Ltd
Statement of changes in equity
For the year ended 30 June 2021

	Issued capital $	Retained profits $	Total equity $
Balance at 1 July 2019	3,000	413,219	416,219
Profit after income tax expense for the year	-	1,699,894	1,699,894
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,699,894	1,699,894
Transactions with owners in their capacity as owners:			
Dividends paid (note 14)	-	(975,000)	(975,000)
Balance at 30 June 2020	3,000	1,138,113	1,141,113

	Issued capital $	Retained profits $	Total equity $
Balance at 1 July 2020	3,000	1,138,113	1,141,113
Profit after income tax expense for the year	-	1,752,445	1,752,445
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,752,445	1,752,445
Transactions with owners in their capacity as owners:			
Dividends paid (note 14)	-	(1,390,000)	(1,390,000)
Balance at 30 June 2021	3,000	1,500,558	1,503,558

ASCF Managed Investments Pty Ltd
Statement of cash flows
For the year ended 30 June 2021

	Note	30 June 2021 $	30 June 2020 $
Cash flows from operating activities			
Management fees and other interest		988,762	847,163
Payments for other operating expenses		(3,377,077)	(3,297,895)
Performance fees paid		(194,728)	(358,750)
Interest received from borrowers		3,579,787	6,371,824
Interest received from ADIs		26,112	19,315
Loans advanced to borrowers		(15,086,697)	(19,255,139)
Loans repaid by borrowers		17,615,775	17,615,775
Income taxes paid		(913,311)	(227,260)
Net cash from operating activities	18	2,638,623	1,715,033
Net cash from investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings		65,397	52,903
Dividends paid	14	(1,390,000)	(975,000)
Net cash used in financing activities		(1,324,603)	(922,097)
Net increase in cash and cash equivalents		1,314,020	792,936
Cash and cash equivalents at the beginning of the financial year		2,149,278	1,356,342
Cash and cash equivalents at the end of the financial year	6	3,463,298	2,149,278

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

Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted
The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
The Directors have determined that the company is not a reporting entity and accordingly, this financial report is a special purpose report prepared for the sole purpose of distributing a financial report to members and must not be used for any other purpose. The Directors have determined that the accounting policies adopted are appropriate to meet the needs of the members.

Historical cost convention
Unless otherwise stated, the financial statements have been prepared under the historical cost convention and the accounting policies adopted are consistent with those of the previous year. Assets and liabilities have been presented in order of liquidity, providing reliable and more relevant information, due to the nature of activities of the Fund. The amounts presented in the financial statements have been rounded to the nearest dollar.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition
The company recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 1. Significant accounting policies (continued)

(a) Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

(b) Issued capital
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(c) Dividends
Dividends are recognised when declared during the financial year.

(d) Financial Instruments
Recognition & Derecognition
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Classification and initial measurement of financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).
Subsequent measurement of financial assets
Financial assets are subsequently measured at:
- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
- the financial assets is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates.

Note 1. Significant accounting policies (continued)

After initial recognition these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's loans receivable fall into this category of financial instruments.

Financial Liabilities
Non−derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non−cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets
A financial asset is derecognised when the holders contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for derecognition of a financial asset:
- the right to receive cash flows from the asset has been expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment of financial assets
The Company recognises a loss allowance for expected credit losses on:
- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Expected credit losses (ECL) are the probability−weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

Impairment of loans receivable
The Company uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments.

Shortfalls on the amount invested in mortgage investments are borne by Company investors as ordinary investment risk.

For impairment provisioning purposes, the Responsible Entity allocates all mortgage investments into three distinct classifications: performing, under−performing and non−performing. In assessing the classification of mortgage investments the Responsible Entity has defined a default as the point in time it forms a view that the principal loan balance owed to the Company on any loan receivable will not be repaid in full and has assessed the risk of such default in determining the categorisation of each loan.

Loans receivable migrate through the following classifications based on the change in credit risk since initial recognition:

Note 1. Significant accounting policies (continued)

Performing

The Company collectively assesses ECL's on exposures, where there has not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination. For these exposures, the Company recognises as a collective provision the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months. Expected shortfalls (credit losses) are forecast based on historical loss experience for a 12−month period, the loan to valuation ratio, security location and borrower exit strategy. The Company assesses loans monthly and does not provide mortgage investments with terms greater than 12 months.

The Company classifies a mortgage investment as Past Due and Performing when the investment is in arrears and interest greater than 30 days is outstanding and one or more of the following applies:
- The Company has received notice of refinance of the mortgage investment or sale of the secured property; or
- An assessment has been made that as at the date of the assessment the Directors form the view that the principal loan amount owed to the Company will be repaid in full; or
- The loan to valuation ratio applicable to the mortgage investment is sufficiently low based on the location of the security property that the Directors form the view that the principal loan amount owed to the Company will be repaid in full.

The Company also considers forward looking information to assess whether the historical loss rate is inconsistent with expectations taking into account future economic conditions such as unemployment rates, inflation, interest rates and other macro−economic data both nationally and internationally.

Under−Performing

The Company collectively assesses ECL's on exposures where there has been a significant deterioration in credit risk since initial recognition but are not credit impaired. The Company classifies a mortgage investment as under-performing when the following occurs:
i) they are in arrears and interest greater than 30 days is outstanding;
ii) the Company has received no notice of refinance of the mortgage investment or sale of the secured property; and
iii) have not been assessed for provisioning.

The Company will conduct an individual assessment on under−performing loans and the increase in credit risk is not, of itself, an event that could have detrimental impact on future cash flows. The Company does not hold mortgage investments with an initial term greater than 12 months.

Non−Performing

The Company identifies individually, ECL's on those exposures that are assessed as credit impaired based on objective evidence of impairment. The Company estimates loss provisioning on a non−performing categorised investment when there are quantitative or qualitative factors indicating that an individual mortgage investment may be impaired. The provision is determined as the expected shortfall between the outstanding balance and the mortgage security after accounting for cost of realisation.

Quantitative factors that trigger the Company to assess the potential specific impairment of mortgages include:
i) in arrears and interest greater than 90 days is outstanding;
ii) the Company has received no notice of refinance of the mortgage investment or sale of the secured property; and
iii) an assessment has been made that as at the date of the assessment the Directors form the view that the principal loan amount owed to the Company on any loan receivable will not be repaid in full.

Qualitative factors that trigger the Company to assess the potential specific impairment of mortgages include:
i) the nature and substance of communication with borrowers in arrears; and
iI) assessment of past performance of similar loans, including characteristics such as collateral location, loan purpose and exit strategy.

Note 1. Significant accounting policies (continued)

Determining the stage for impairment
At each reporting date, the Company assesses whether there has been a significant increase in credit risk for exposure since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, where appropriate, forward−looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses a previously assessed significant increase in credit risk since origination, then the allowance for expected credit losses reverts from its lifetime ECL to a 12−month ECL. Exposures that have not deteriorated significantly since origination are considered to have a low credit risk. The allowance for credit losses for these loans receivable are based on a 12−month ECL.

Loans that are credit impaired at the reporting date are presented at the value of the difference between estimated future cash flows discounted by the effective interest rate and the gross carrying amount. This difference is reported as an impairment provision.

Credit quality of loans receivable
The Fund has an internally developed credit rating scale derived from historical data to assess the potential default risk in lending. The Fund has a pre−defined counterparty probabilities of default across loans receivable.

Inputs, assumptions and techniques used for estimating impairment
In assessing the impairment of loans receivable under the ECL model, the Company defines default generally when the Directors forms the view that it is unlikely that the principal loan amount owed to the Company on any loan receivable will be repaid in full.

Recognition of expected credit losses in financial statements
At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset. In assessing these risks, the Directors rely on readily available information such as loan to valuation ratios (LVR's). In addition, the Directors consider other indicators such as adverse changes in business, economic or financial conditions that could affect the borrower's ability to meet its debt obligation or unexpected changes in the borrower's operating results.

Should any of these indicators imply a significant increase in the instrument's credit risk, the Company recognises for this instrument lifetime expected credit losses.

(e) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(f) Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(e) Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

(a) Critical Accounting Estimates and Judgements
The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

(b) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(c) Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(d) Comparative Figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(d) Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include the Directors professional judgement and historical collection rates.

Note 3. Profit for the year

Profit before income tax from continuing operations includes the following specific expenses:

(a) Expenses

	30 June 2021 $	30 June 2020 $
Interest expense for financial liabilities not classified as at fair value through profit or loss		
- External	3,065,994	3,103,550
Total finance costs	3,065,994	3,103,550

Note 4. Auditor's Remuneration

	30 June 2021 $	30 June 2020 $
Remuneration of the auditor:		
Auditing or reviewing the financial statements	-	8,830
Other assurance services	44,428	31,518
Total Auditor's remuneration	44,428	40,348

The auditor of ASCF Managed Investments Pty Ltd is Grant Thornton Audit Pty Ltd.

Note 5. Income tax expense

	30 June 2021 $	30 June 2020 $
The components of tax (expense) income comprise:		
Current income tax expense	621,887	752,169
Origination and reversal of temporary differences	119,990	(107,382)
Total tax expense	741,877	644,787

	30 June 2021 $	30 June 2020 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	2,494,322	2,344,681
Tax at the statutory tax rate of 26% (2020: 27.5%)	648,524	644,787
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	9,622,781	950,012
Non-assessable income	(9,649,418)	(842,630)
	621,887	752,169
Deferred tax expense	119,990	(107,382)
Income tax expense	741,877	644,787

Note 6. Cash and cash equivalents

	30 June 2021 $	30 June 2020 $
Cash on hand	3,000	3,000
Cash at bank	3,460,298	2,146,278
Total cash and cash equivalents	3,463,298	2,149,278

Reconciliation of cash
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	3,463,298	2,149,278
Total cash and equivalents	3,463,298	2,149,278

Note 7. Loans Receivable

	30 June 2021 $	30 June 2020 $
Trade receivables	33,608,620	34,585,330
Less: Allowance for expected credit losses	(336,086)	(351,040)
Total Loans Receivable	33,272,534	34,234,290
Management fees receivable	196,387	129,753
Total loans receivable	33,468,921	34,364,043

a. Financial Commitments
As at the end of the financial year, the Company had no undrawn loan commitments.

b. Credit Risk
The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk to the Company is considered to relate to the class of assets described as 'loans receivable".

c. Impairment of Financial Assets
Expected credit losses are assessed by the Company in accordance with the accounting policies outlined in Note 1(d). The Directors have performed an assessment of expected credit losses in relation to loans receivable in the statement of financial position as at the end of the financial year, and have determined that there has been no significant increase in credit risk during the year.

As at 30 June 2020, the Company has recognised one Loan Receivable as impaired. Prior year impairment expense represents 1.77% of total loans receivable. Details of the provision and expense are below.

As at 30 June 2021, the Company has recognised three Loans Receivable as impaired. Current year impairment expense represents 1.15% of total loans receivable. Details of the provision and expense are below.

	30 June 2021 $	30 June 2020 $
Opening balance	351,040	-
Charge/(release) to the statement of profit & loss	(14,954)	351,040
Closing Balance	336,086	351,040

	30 June 2021 $	30 June 2020 $
Impairment expense		
Loans Receivable derecognised and written off	400,007	270,044
Less: recovered Loans Receivable previously derecognised	-	-
Net shortfall/recovery	400,007	270,044
Charge/(Release) to the provision	(14,954)	351,040
Impairment Expense	385,053	621,084

d. Collateral Held as Security
All loans receivable are secured with registered mortgages against residential property.

e. Collateral Pledged
No trade and other receivable balances have been pledged as collateral.

Note 7. Loans Receivable (continued)

f. Fair Value

Loans receivable are expected to be recovered within a short term and fair value is therefore equivalent to carrying amount.

Note 8. Other receivables

	30 June 2021 $	30 June 2020 $
Sundry Debtors	-	1,617
Total other receivables	-	1,617

Note 9. Trade and other payables

	30 June 2021 $	30 June 2020 $
Trade payables	164,022	-
GST Payable	12,860	16,010
Total trade and other payables	176,882	16,010

(a) Financial liabilities measured at amortised cost

	30 June 2021 $	30 June 2020 $
Trade and other payables		
Total current	176,882	16,010
Financial liabilities	176,882	16,010

Note 10. Provision for income tax

	30 June 2021 $	30 June 2020 $
Income tax payable	460,746	752,169

	Opening Balance $	(Charged)/ Credited to Profit or Loss $	(Charged)/ Credited Directly to Equity $	Changes in Tax Rates $	Exchange Differences $	Closing Balance $
Deferred tax assets (Non-Current)						
Opening Balance	-	70,522	-	-	-	70,522
Other	-	107,382	-	-	-	107,382
Balance as at 30 June 2020	-	177,904	-	-	-	177,904
Opening Balance	-	177,904	-	-	-	177,904
Other	-	(96,752)	-	-	-	(96,752)
Balance as at 30 June 2021	-	81,152	-	-	-	81,152

The benefits of the above deductible temporary differences and unused tax losses are realised when the conditions for deductibility set out in Note 1(a) occur. These amounts have no expiry date.

Note 10. Provision for income tax (continued)

	Opening Balance $	(Charged)/ Credited to Profit or Loss $	(Charged)/ Credited Directly to Equity $	Changes in Tax Rates $	Exchange Differences $	Closing Balance $
Deferred tax liabilities (Current)						
Opening balance	-	-	-	-	-	-
Other	-	-	-	-	-	-
Balance as at 30 June 2020	-	-	-	-	-	-
Opening balance	-	-	-	-	-	-
Other	-	23,238	-	-	-	23,238
Balance as at 30 June 2021	-	23,238	-	-	-	23,238

Note 11. Borrowings

	30 June 2021 $	30 June 2020 $
Class A Note Holder	28,000,000	28,000,000
Class B Note Holder	4,000,000	4,000,000
Class C Note Holder	3,000,000	3,000,000
Less: EIM Adjustments	(151,053)	(216,450)
Total Borrowings	34,848,947	34,783,550

Refer to note 15 for further information on financial instruments.

Note 12. Issued capital

	30 June 2021 Shares	30 June 2020 Shares	30 June 2021 $	30 June 2020 $
Ordinary shares - fully paid	3,000	3,000	3,000	3,000

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 13. Retained profits

	30 June 2021 $	30 June 2020 $
Retained profits at the beginning of the financial year	1,138,113	413,219
Profit after income tax expense for the year	1,752,445	1,699,894
Dividends paid (note 14)	(1,390,000)	(975,000)
Retained profits at the end of the financial year	1,500,558	1,138,113

Note 14. Dividends

Dividends
Dividends paid during the financial year were as follows:

	30 June 2021 $	30 June 2020 $
Interim dividend for the year ended 30 June 2021 1,390,000: $463.33 per ordinary share franked to 81.45% (2019: Interim dividend of $975,000 to 61.45%)	1,390,000	975,000
Total dividends paid	1,390,000	975,000

Franking credits

	30 June 2021 $	30 June 2020 $
Franking credits available at the reporting date based on a tax rate of 26% (2020: 27.5%)	913,311	227,260
Franking debits that will arise from the payment of dividends recognised at the reporting date based on a tax rate of 26% (2020: 27.5%)	(397,784)	(227,260)
Franking credits available for subsequent financial years based on a tax rate of 26% (2020: 27.5%)	515,527	-

Note 15. Financial instruments

Financial risk management objectives
The company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the company's operating units. Finance reports to the Board on a monthly basis.

	30 June 2021 $	30 June 2020 $
Financial assets at amortised cost		
Cash and cash equivalents	3,463,298	2,149,278
Trade and receivables	33,468,921	34,364,043
Total financial assets	36,932,219	36,513,321
Financial liabilities		
- Trade and other payables	176,882	16,010
- Borrowings	34,848,947	34,783,550
Total financial liabilities	35,025,829	34,799,560

Note 15. Financial instruments (continued)

Financial Risk Management Policies
The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for company operations. The company does not have any derivative instruments at 30 June 2020.

Specific Financial Risk Exposures and Management
The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk
Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness, which includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Depending on the division within the company, credit terms are generally 14 to 30 days from the date of invoice.

Credit Risk Exposures
The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at board level, given to third parties in relation to obligations under its bank bill facility.

The company has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables is provided in Note 7.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 7.

Credit risk related to balances with banks and other financial institutions is managed in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Note	30 June 2021 $	30 June 2020 $
Cash and cash equivalents			
— AA Rated	6	3,460,298	2,149,278
Total cash and cash equivalents		3,460,298	2,149,278

Note 15. Financial instruments (continued)

(b) Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year-end could become repayable within 12 months. The company does not hold any derivative financial liabilities directly.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Bank overdrafts and loans	-	-	-	-	-	-	-	-
Trade and other payables	176,882	16,010	-	-	-	-	176,882	16,010
Finance lease liabilities	-	-	-	-	-	-	-	-
Other borrowings	34,848,947	34,783,550	-	-	-	-	34,848,947	34,783,550
Total contractual outflows	35,025,829	34,799,560	-	-	-	-	35,025,829	34,799,560
less bank overdrafts	-	-	-	-	-	-	-	-
Total expected outflows	35,025,829	34,799,560	-	-	-	-	35,025,829	34,799,560

Note 15. Financial instruments (continued)

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	30 June 2021 $	30 June 2020 $	30 June 2021 $	30 June 2020 $	30 June 2021 $	30 June 2020 $	30 June 2021 $	30 June 2020 $
Financial Assets - cash flows realisable								
Cash and cash equivalents	3,463,298	2,149,278	-	-	-	-	3,463,298	2,149,278
Loan receivables	33,468,921	34,364,043	-	-	-	-	33,468,921	34,364,043
Other receivables	-	1,617	-	-	-	-	-	1,617
Total anticipated inflows	36,932,219	36,514,938	-	-	-	-	36,932,219	36,514,938
Net (outflow) / inflow on financial instruments	1,906,389	1,715,378	-	-	-	-	1,906,389	1,715,378

(c) Market Risk

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Company is also exposed to earnings volatility on floating rate instruments. The financial instruments that expose the company to interest rate risk are limited to borrowings, cash and cash equivalents.

(d) Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the company. Most of these instruments which are carried at amortised cost (i.e. trade receivables, loan liabilities) are to be held until maturity and therefore the fair value figures calculated bear little relevance to the company.

		2021		2020	
	Note	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Financial assets					
Cash and cash equivalents	6	3,463,298	3,463,298	2,149,278	2,149,278
Trade and other receivables	7	33,468,921	33,468,921	34,364,043	34,364,043
Other receivables	8	-	-	1,617	1,617
Total financial assets at amortised cost		36,932,219	36,932,219	36,514,938	36,514,938
Financial liabilities - amortised cost					
Trade and other payables	9	176,883	176,883	16,010	16,010
Other borrowings	11	34,848,947	34,848,947	34,783,550	34,783,550
Total financial liabilities		35,025,830	35,025,830	34,799,560	34,799,560

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are all short-term instruments in nature whose carrying amount is equivalent to fair value. The fair values of receivables and payables are determined on the basis of an income approach using a discounted cash flow methodology.

Note 16. Related party transactions

Related Parties

The Company's main related parties are as follows: ASCF Select Income Fund, ASCF High Yield Fund, ASCF Premium Capital Fund, Australian Secure Capital Fund Ltd, Australian Mortgage Finance Services Pty Ltd and Mortgage Capital Australia Unit Trust.

(a) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	30 June 2021 $	30 June 2020 $
i. Expenses		
Other related parties:	-	-
Performance fees charged by Australian Secure Capital Fund Ltd	358,750	358,750
Total expenses to other related parties	358,750	358,750

Note 17. Events after the reporting period

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 18. Reconciliation of profit after income tax to net cash from operating activities

	30 June 2021 $	30 June 2020 $
Profit after income tax expense for the year	1,752,445	1,699,894
Adjustments for:		
(Increase)/decrease in loans receivable	950,873	(273,922)
Increase/(decrease) in trade creditors and bills payable	160,874	(36,652)
(Increase)/decrease in other non-current assets	(54,135)	(91,814)
Increase/(decrease) in current tax liability	(291,424)	524,909
(Increase)/decrease in deferred tax asset	96,752	(107,382)
Increase/(decrease) in deferred tax liability	23,238	-
Net cash from operating activities	2,638,623	1,715,033

ASCF Managed Investments Pty Ltd
Directors' declaration
30 June 2021

The Directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The Directors of the company declare that:

the financial statements and notes, present fairly the company's financial position as at the 30th of June 2021 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and

in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Richard John Taylor Director	Kosta Nicholas Giovanos Director	Filippo Sciacca Director
28 October 2021	28 October 2021	28 October 2021

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Independent Auditor's Report

To the Members of ASCF Managed Investments Pty Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of ASCF Managed Investments Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of ASCF Managed Investments Pty Ltd:

a presents fairly, in all material respects, the Company's financial position as at 30 June 2021 and of its performance and cash flows for the year then ended in accordance with the accounting policies described in Note 1; and

b complies with Australian Accounting Standards to the extent described in Note 1.

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 Company in accordance with the ethical 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 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.

Emphasis of matter – basis of accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Company's financial reporting responsibilities under the Offered Note Subscription Agreement. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

Management is responsible for the other information. The other information comprises the information included in the Company's financial report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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.

Responsibilities of management and those charged with governance for the financial report

Management is responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies used and described in Note 1 to the financial report are appropriate to meet the requirements of the Offered Note Subscription Agreement and meets the needs of the Members. This responsibility also includes such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M C Bragg
Partner – Audit & Assurance

Brisbane, 28 October 2021