ASCF Select Income Fund

ARSN 616 367 410

Financial Report for the Year Ended - 30 June 2024

ASCF Select Income Fund
Directors' report
30 June 2024

The Directors of Australian Secure Capital Fund Ltd (the 'Responsible Entity'), the Responsible Entity of ASCF Select Income Fund (the 'Fund'), submit their report together with the financial statements of the Fund for the year ended 30 June 2024.

Directors

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

Richard John Taylor
Kosta Nicholas Giovanos
Filippo Sciacca

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 Intellection, 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 Real Estate Agent, Qld (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:	MR1 Giovanos holds a Certificate IV in Finance and Mortgage Broking from the Finance and Related Services Training Academy and is a registered member of the Mortgage and Finance Association of Australia.
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

Review of operations

Revenue of $5,761,012 less expenses of $2,738,122 resulted in a distribution to Unitholders of $3,022,890 (2023: $2,722,830).

Principal activities

The principal activity of the Fund during the year was the provision of regular monthly income through a selection of investments in short-term registered first mortgage loans. Unitholders are provided with a fixed rate, fixed term interest only investment.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Fund during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

Likely developments and expected results of operations
The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

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

Indemnity and insurance of officers
The Responsible Entity has indemnified the Directors and executives of the Responsible Entity 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 Responsible Entity paid a premium in respect of a contract to insure the Directors and executives of the Responsible Entity 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 Responsible Entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Responsible Entity or any related entity against a liability incurred by the auditor.

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

Fees paid to and interests held in the Fund by the Responsible Entity or its associates
Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in note 14 of the financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the year.

The number of interests in the Fund held by the Responsible Entity or its associates for the year ended 30 June 2024 are disclosed in note 14 and 15 of the financial statements.

Interests in the Fund
The movement of units on issue in the Fund during the year are disclosed in note 11 of the financial statements.

The value of the Fund's assets and liabilities is disclosed on the statement of financial position and derived using the basis set out in note 1 to the financial statements.

Proceedings on Behalf of the Fund
The Fund was not a party to any such proceedings during the year.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included in these financial statements.

Auditor
Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

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 Taylor	Filippo Sciacca
Director	Director

27 September 2024

Grant Thornton Audit Pty Ltd
King George Central
Level 18
145 Ann Street
Brisbane QLD 4000
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Brisbane QLD 4001

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Auditor's Independence Declaration

To the Directors of Australian Secure Capital Fund Ltd, the Responsible Entity of ASCF Select Income Fund

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of ASCF Select Income Fund for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

A F Newman
Partner – Audit & Assurance

Brisbane, 27 September 2024

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General information

The financial statements cover ASCF Select Income Fund as an individual entity. The financial statements are presented in Australian dollars, which is ASCF Select Income Fund's functional and presentation currency.

The Fund is an Australian Registered Scheme and was constituted on the 22nd December 2016. Australian Secure Capital Fund Ltd (the Responsible Entity' for the Fund) is incorporated and domiciled in Australia and acts as the manager of the Fund. Its registered office and principal place of business are:

Registered office

Level 1, 50 Park Road
MILTON
QLD 4064

Principal place of business

Level 1, 50 Park Road
MILTON
QLD 4064

A description of the nature of the Fund'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 27 September 2024.

ASCF Select Income Fund
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	30 June 2024 $	30 June 2023 $
Revenue			
Interest Revenue	4	5,761,012	6,672,361
Total revenue & other income		5,761,012	6,672,361
Expenses			
Legal & Compliance Fees		(198,975)	(293,312)
Performance Fees	15	(2,424,443)	(3,067,490)
Other Expenses		(1,814)	(1,750)
Impairment Expense	7	(112,890)	(586,979)
Total expenses		(2,738,122)	(3,949,531)
Operating profit		3,022,890	2,722,830
Distributions to Unitholders		(3,022,890)	(2,722,830)
Finance costs attributed to Unitholders			
Income tax expense		-	-
Other comprehensive income			
Total other comprehensive income		-	-
Total comprehensive income		-	-

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

ASCF Select Income Fund
Statement of financial position
As at 30 June 2024

	Note	30 June 2024 $	30 June 2023 $
Assets			
Cash and cash equivalents	6	4,301,140	5,165,058
Loans Receivable	7	41,416,745	39,893,630
Other Receivables	8	1,163	-
Other Assets	9	287,264	578,304
Total assets		46,006,312	45,636,992
Liabilities			
Trade and other payables	10	1,154	49,638
Borrowings	11	15,950	16,225
Total liabilities (excluding net assets to Unitholders)		17,104	65,863
Net assets attributable to Unitholders		45,989,208	45,571,129

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

ASCF Select Income Fund
Statement of changes in equity
For the year ended 30 June 2024

	30 June 2024 $	30 June 2023 $
Total equity at the beginning of the year	-	-
Profit/(Loss) for the year	-	-
Other comprehensive income for the year	-	-
Transactions with unitholders in their capacity as owners	-	-
Total equity at the end of the financial year	-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the year.

The above statement of changes in equity should be read in conjunction with the accompanying notes

ASCF Select Income Fund
Statement of cash flows
For the year ended 30 June 2024

	Note	30 June 2024 $	30 June 2023 $
Cash flows from operating activities			
Borrower interest repayments		5,820,080	6,635,618
Interest received		140,825	179,162
Other operating expenses		(514,847)	(1,004,458)
Performance Fees Paid to the Responsible Entity		(2,183,050)	(3,883,140)
Loans Advanced to Borrowers		(35,232,100)	(29,139,250)
Loans Repaid by Borrowers		33,710,260	41,913,967
Net cash from operating activities	13	1,741,168	14,701,899
Cash flows from financing activities			
Distributions paid		(3,022,890)	(2,722,830)
Advances from/(Repayments to) Responsible Entity		(275)	2,681
Advances from/(Repayments to) Related Parties		-	-
Unitholders Funds Received from Investors	20	10,451,000	11,201,500
Unitholders Funds Paid to Investors	20	(10,032,921)	(20,276,995)
Net cash used in financing activities		(2,605,086)	(11,795,644)
Net increase/(decrease) in cash and cash equivalents		(863,918)	2,906,255
Cash and cash equivalents at the beginning of the financial year		5,165,058	2,258,803
Cash and cash equivalents at the end of the financial year	6	4,301,140	5,165,058

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

Note 1. General Information

Basis of Preparation
These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, as appropriate for for-profit oriented entities, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board ('AASB') and International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). The fund is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Unless otherwise stated, the financial statements have been prepared under the historical cost convention. 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.

New or amended Accounting Standards and Interpretations adopted
The Fund has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current financial year.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Fund.

Note 2. Material accounting policies and associated changes

The accounting policies that are material to the Fund are set out either in the respective notes or below.

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 in Note 3.

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

(a) Redeemable Units
All redeemable units issued by the Fund provide investors with the right to require redemption for cash. The Fund's obligation to redeem units is set out in the Product Disclosure Statement.

(b) Capital Management
The Responsible Entity manages its net assets attributable to Unitholders as capital. The amount of net assets attributable to Unitholders can change on a daily basis in accordance with the provisions of the Product Disclosure Statement.

The Fund is not subject to any externally imposed capital requirements.

(c) Net assets attributable to Unitholders
Units are redeemable at the Unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the Unitholders. The units are classified as financial liabilities as the Fund is required to distribute its distributable income, in accordance with the Fund's constitution.

The units can be put back to the Fund in line with the requirements outlined in the Product Disclosure Statement of the Fund.

The units are carried at the redemption amount that is payable at reporting date if the holder exercises the right to put the unit back to the Fund.

(d) Expenses
All expenses, including Responsible Entity's fees, are recognised in profit and loss on an accrual basis.

Note 2. Material accounting policies and associated changes (continued)

(e) Income Tax
Under current legislation, the Fund is not subject to income tax as Unitholders are presently entitled to the income of the Fund.

(f) Distributions
The Fund distributes its distributable income, in accordance with the Fund's constitution, to Unitholders by cash or reinvestment. The distributions are recognised in profit and loss as finance costs attributable to Unitholders.

(g) Increase/decrease in net assets attributable to Unitholders
Income not distributed is included in net assets attributable to Unitholders. Movements in net assets attributable to Unitholders are recognised in profit and loss as finance costs.

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs except where the instrument is classified ‘at fair value through profit or loss’ in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

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 asset 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 principal amount outstanding on specified dates.

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 Fund's loans receivable fall into this category of financial instruments.

Subsequent measurement of 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.

Note 2. Material accounting policies and associated changes (continued)

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 holder's 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
In accordance with AASB 9, the Fund recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income. For reporting, the Fund records realised losses as impairment expense through the statement of profit or loss and other comprehensive income.

Allowance for 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 Fund uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

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

For credit loss 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 Fund 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:

Performing
The Fund collectively assesses ECLs 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 Fund 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 Fund assesses loans monthly and does not provide mortgage investments with terms greater than 12 months.

The Fund 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 Fund 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 Responsible Entity forms the view that the principal loan amount owed to the Fund 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 secured property that the Responsible Entity forms the view that the principal loan amount owed to the Fund will be repaid in full.

Note 2. Material accounting policies and associated changes (continued)

The Fund 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 Fund collectively assesses ECLs on exposures where there has been a significant deterioration in credit risk since initial recognition but are not credit impaired. The Fund 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 Fund has received no notice of refinance of the mortgage investment or sale of the secured property; and
iii) whilst the Fund has assessed the mortgage investment as part of the expected credit loss allowance at year end, further analysis is required before the mortgage investment is able to be transitioned to one of the other credit risk classifications.

The Fund 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 Fund does not hold mortgage investments with an initial term greater than 12 months.

Non−Performing
The Fund identifies individually, ECLs on those exposures that are assessed as credit impaired based on objective evidence of impairment. The Fund 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 Fund to assess the potential specific impairment of mortgages include:
i) in arrears and interest greater than 90 days is outstanding;
ii) the Fund 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 Responsible Entity forms the view that the principal loan amount owed to the Fund on any loan receivable will not be repaid in full.

Qualitative factors that trigger the Fund 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.

Impairments are offset by the recognition of charge-offs against performance fees payable to the Responsible Entity. The charge-offs are crystallised as a reduction in performance fees at the same time as the shortfall on the investment (loan) is crystallised. The provision for charge-offs is ordinarily funded by reserves maintained by the Responsible Entity to offset credit risk. The use of the reserve account and the recognition of charge-offs against performance fees payable to the Responsible Entity is at the discretion of the Directors of the Responsible Entity.

Determining the stage for impairment
At each reporting date, the Fund 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 Fund 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.

Note 2. Material accounting policies and associated changes (continued)

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 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 Fund defines default generally when the Responsible Entity forms the view that it is unlikely that the principal loan amount owed to the Fund on any loan receivable will be repaid in full.

Recognition of expected credit losses in financial statements
At each reporting date, the Fund 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 (LVRs). 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 Fund recognises for this instrument lifetime expected credit losses.

(i) 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.

(j) Recognition of Revenue and Expenses on Borrowing Services
Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All other revenue is stated net of the amount of goods and services tax. Revenue earned on loans receivable (not recognised on the Fund’s Balance Sheet, but the cash flows of which pass through the Fund), are measured at the fair value of the consideration received or receivable. Fees on loans receivable are recognised as revenue in the period during which the related services are provided to the borrower or the determining event or circumstance is completed.

Loan management fees charged and costs recoverable by the Fund are brought to account on an accruals basis. These include expenses related to the acquisition and management of loans receivable (broker and recovery fees) which are on-chargeable by the Fund to third parties. These expenses are accounted for in full in the period in which the expense becomes due. Similarly, application fees and extension fees are recognised as revenue when the loan is either disbursed or renegotiated.

(k) Goods and Services Tax (GST)
Management fees and other expenses are recognised net of the amount of Goods and Services Tax (GST) recoverable from the Australian Tax Office (ATO) as a Reduced Input Tax Credit (RITC) at a rate of 75% of GST.

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 payments for operating expenses.

(l) Allowance for expected credit losses
The Fund assesses the allowance for expected credit losses at the end of each financial year by evaluating the conditions and events specific to the Fund that may be indicative of credit loss triggers. Recoverable amounts of relevant assets are assessed in accordance with key assumptions outlined in Note 2h.

Note 2. Material accounting policies and associated changes (continued)

AASB 9 requires the Fund to recognise an additional credit loss provision for loans receivable that are not in default. The financial impact of the application of AASB 9 is disclosed in Note 7. The recognition of the additional credit loss provision within loans receivables in the Statement of Financial Position was offset by an additional charge-off against the performance fees payable to the Responsible Entity (at the discretion of the Directors of the Responsible Entity), as disclosed in Note 9.

An impairment expense of $112,890 has been recognised in respect of credit impaired loans receivable for the year ended 30 June 2024 (2023: $586,979) (Note 7c).

Note 3. 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 Fund.

Areas which include assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 30 June 2024 include the following:

- Expected credit losses and impairment of loans receivable.
- Recognising & assessing the collectability of interest revenue from mortgage and borrowing services.
- Determination & calculation of the effective interest rate.

Note 4. Financial Instruments - Interest Revenue

	30 June 2024 $	30 June 2023 $
Interest revenue	5,761,012	6,672,361

Interest revenue from financial assets

The Fund's primary source of income arises from its financial assets, which consist primarily of loans and other mortgage instruments. These financial assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method in accordance with AASB 9 "Financial Instruments."

The Fund recognises interest revenue in the statement of profit or loss and other comprehensive income as it accrues, taking into account the principal outstanding and the effective interest rate applicable to the financial asset. Any upfront fees or transaction costs incurred in originating the mortgage are recognised over the life of the mortgage as an adjustment to the effective interest rate.

Note 5. Auditor's Remuneration

Remuneration of the auditor of the fund for:	30 June 2024 $	30 June 2023 $
Auditing or reviewing the financial statements	14,500	12,250
Total auditor's remuneration	14,500	12,250

Note 6. Cash and cash equivalents

	30 June 2024 $	30 June 2023 $
Cash at bank	4,301,140	5,165,058

Cash at bank is restricted, as the cash is either investor funds not yet invested in a mortgage or borrowers cash held in the Fund.

Reconciliation of cash

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

Note 6. Cash and cash equivalents (continued)

	30 June 2024 $	30 June 2023 $
Cash at bank	4,301,140	5,165,058
Total cash and cash equivalents	4,301,140	5,165,058

Note 7. Loans Receivable

	30 June 2024 $	30 June 2023 $
Loans Receivable	41,580,138	40,294,133
Less: Allowance for expected credit losses	(413,393)	(400,503)
Drawn commitments held in trust	250,000	-
Total Loans Receivable	41,416,745	39,893,630
Total loans receivable	41,416,745	39,893,630

a. Financial Commitments

As at the end of the financial year, the Fund has no undrawn loan commitments (2023: $0).

b. Credit Risk

The Fund 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 Fund is considered to relate to the class of assets described as 'loans receivable".

Assessed on terms of principal outstanding	30 June 2024 No. of Loans	30 June 2024 $	30 June 2023 No. of Loans.	30 June 2023 $
Loan to Valuation Ratio >81%	3	2,545,727	-	-
Loan to Valuation Ratio 71 - 80%	4	3,566,250	6	9,778,750
Loan to Valuation Ratio 61 - 70%	10	13,625,000	12	18,306,000
Loan to Valuation Ratio 51 - 60%	5	6,961,500	4	4,913,000
Loan to Valuation Ratio 41 - 50%	11	9,747,100	6	3,605,200
Loan to Valuation Ratio 25 - 40%	2	1,847,463	6	2,635,000
Loan to Valuation Ratio 25% >	8	2,585,917	2	489,667
	43	40,878,957	36	39,727,617

Assessed on terms of total amounts outstanding	30 June 2024 No. of Loans.	30 June 2024 $	30 June 2023 No. of Loans	30 June 2023 $
Loan to Valuation Ratio >81%	5	4,304,915	14	30,740,372
Loan to Valuation Ratio 71 - 80%	8	12,416,993	1	441,035
Loan to Valuation Ratio 61 - 70%	4	3,306,525	1	276,250
Loan to Valuation Ratio 51 - 60%	6	10,632,425	1	434,320
Loan to Valuation Ratio 41 - 50%	9	6,080,602	1	575,400
Loan to Valuation Ratio 25 - 40%	3	2,739,639	5	2,700,922
Loan to Valuation Ratio 25% >	8	2,099,039	13	5,125,834
	43	41,580,138	36	40,294,133

c. Impairment of Financial Assets

Expected credit losses are assessed by the Fund in accordance with the accounting policies outlined in Note 2(l). 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.

Note 7. Loans Receivable (continued)

As at 30 June 2024, the Fund had no Loans Receivable that had been classified as impaired (30 June 2023: Nil). Current year impairment expense represents 0.27% of total loans receivable (30 June 2023: 1.47%). Details of the provision and expense are below.

	30 June 2024 $	30 June 2023 $
Impairment provision of loans receivable		
Opening Balance	400,503	522,920
Charge/(release) to the profit or loss	12,890	(122,417)
Closing Balance	413,393	400,503

	30 June 2024 $	30 June 2023 $
Impairment expense		
Loans Receivable derecognised and written off	100,000	709,396
Less: recovered Loans Receivable previously derecognised	-	-
Net shortfall/(recovery)	100,000	709,396
Charge/(Release) to the provision	12,890	(122,417)
Impairment Expense	112,890	586,979

d. Collateral Held as Security
All loans receivable are secured with registered mortgages against real Australian property, as defined in the Fund's Product Disclosure Statement.

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

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

Note 7. Loans Receivable (continued)

g. Loans Receivable Performance Analysis

An analysis of the outstanding loans receivable is detailed below:

	30 June 2024 No. of Loans	30 June 2024 $	30 June 2023 No. of Loans	30 June 2023 $
Past due but performing:				
Performing				
31 − 90 days	2	1,044,376	-	-
91 −180 days	-	-	1	53,614
181 + days	-	-	8	12,120,053
Mortgage in possession	2	722,035	-	-
Past due but performing	4	1,766,411	9	12,173,667
Past due but under performing				
Under−performing				
31 − 90 days	-	-	-	-
91 −180 days	-	-	-	-
181 + days	-	-	-	-
Mortgage in possession	4	5,469,088	-	-
Past due and under−performing	4	5,469,088	-	-
Impaired and past due (non-performing):				
Non−performing				
31 − 90 days	-	-	-	-
91 −180 days	-	-	-	-
181 + days	-	-	-	-
Mortgage in possession	1	1,547,395	-	-
Total impaired and past due (non-performing)	1	1,547,395	-	-
Total past due	9	8,782,894	9	12,173,667

Only loans and receivables that are past due in excess of 30 days are assessed and allocated into the above three categories. Four of the above loans has been repaid in full since balance date, equating to $2,848,584 subsequently reducing the total past due as at 30 June 2024 to $5,934,310.

Note 8. Other Receivables

	30 June 2024 $	30 June 2023 $
GST Refundable	1,163	-

Note 9. Other Assets

	30 June 2024 $	30 June 2023 $
Performance fees paid in advance	443,641	578,304
Performance fees payable	(156,377)	-
Total other assets	287,264	578,304

The Fund will pay performance fees monthly in arrears, calculated as the Fund’s income after deducting interest paid to unitholders and other expenses. Performance fees payable are typically recorded under trade and other payables (Note 10). The difference in recognition between reported performance fees payable (Note 10) and performance fees paid in advance arises from any adjustment to expected credit loss impairment charges in the profit or loss at the reporting period.

Note 10. Trade and other payables

	30 June 2024 $	30 June 2023 $
Withholding tax payable	304	182
Other creditors	850	1,377
GST payable	-	48,079
Total trade and other payables	1,154	49,638

a. Financial liabilities at amortised cost classified as trade and other payables:

	30 June 2024 $	30 June 2023 $
Trade & Other Payables		
- Total	850	1,377

b. The fair value of financial liabilities (including trade and other payables) is equivalent to their carrying amount.

Note 11. Borrowings

	30 June 2024 $	30 June 2023 $
Loan - Australian Secured Capital Fund Ltd	15,950	16,225
Total borrowings	15,950	16,225

Note 12. Issued Units

a. Units on Issue

The Fund has authorised 45,989,208 (30 June 2023: 45,571,129) units on issue at $1 each amounting to $45,989,208 (30 June 2023: $45,571,129).

	30 June 2024 $	30 June 2023 $
Number of fully paid units		
At beginning of the financial year	45,571,129	54,646,624
Units issued during the year	10,451,000	11,201,500
Units redeemed during the year	(10,032,921)	(20,276,995)
At the end of the financial year	45,989,208	45,571,129

Units are of equal value and unit holders are entitled to share in the income of ASCF Select Income Fund in proportion to their unit holding. Upon liquidation each unit holder is entitled to a pro rata share of the Fund's net assets.

b. Capital Management

Management controls the capital of the Fund to ensure that adequate cash flows are generated to Fund its lending portfolio programs and that returns from investments are maximised. The Responsible Entity ensures that the overall risk management strategy is in line with this objective.

As a result of the ability to issue and redeem units, the capital of the Fund can vary depending on the demand for redemptions and applications to the Fund. The Fund is not subject to externally imposed capital requirements and issues and redeems units in accordance with the constitution and Product Disclosure Statement.

Note 12. Issued Units (continued)

The Fund's objectives for managing capital, being net assets attributable to unitholders is to manage the recoverability of the loans in consultation with unitholders and borrowers such that capital value of unitholders Funds is not compromised.

The Responsible Entity operates under policies approved by it. Risk management policies are approved and reviewed by the board on an annual basis. These include credit risk policies and future cash flow requirements. The Fund's capital consists of financial liabilities, supported by financial assets.

Note 13. Cash Flow Information

	30 June 2024 $	30 June 2023 $
Reconciliation of profit to unitholders with net cash provided by operating activities		
- Profit/(loss) for the year	-	-
- Profit/(loss) before investor distributions	3,022,890	2,722,830
- (Increase)/decrease in loans receivable	(1,523,115)	12,652,300
- Increase/(decrease) in trade and other payables	(48,484)	(252,383)
- (Increase)/decrease in other receivables	(1,163)	(420,848)
- (Increase)/decrease in other assets	291,040	-
Net cash from/(used in) operating activities	1,741,168	14,701,899

Note 14. Events after the financial year

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

Note 15. Related Party Transactions

a. Responsible Entity
The Responsible Entity of ASCF Select Income Fund is Australian Secure Capital Fund Ltd.

b. Key Management Personnel:
The Directors of the Responsible Entity at Note 15(a) are considered to be Key Management Personnel (KMP) of the Fund. The following Directors of the Responsible Entity were in office during the year and up to the date of the report:

Richard John Taylor
Kosta Nicholas Giovanos
Filippo Sciacca

Key management personnel services are provided by Australian Secure Capital Fund Ltd and are included in the performance fees disclosed in note 15(c) below.

c. Other related parties
Other related parties include close family members of KMP and entities that are controlled or jointly controlled by those KMP, 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:

Performance Fees are paid to the Responsible Entity for the management of the Loans and Investors. The performance fee is calculated and payable monthly. The Performance Fee is calculated as the balance of the Fund's returns after the payment of all fixed interest payments to investors and other expenses of the Fund. Total performance fees paid or payable in the 30 June 2024 financial year equate to $2,424,443 (2023: $3,067,490).

Note 15. Related Party Transactions (continued)

There is an unsecured loan from the Responsible Entity for $15,950 at 30 June 2024 (2023: $16,225). The details and terms are disclosed below.

	30 June 2024 $	30 June 2023 $
Loans with related parties		
Australian Secured Capital Fund Ltd	15,950	16,225

The Fund received an interest-free loan from the Responsible Entity. The proceeds from the interest-free loan are used for the payment of audit fees. The loan is provided to support the Fund's working capital needs and operational requirements. There are no specific repayment terms or conditions attached to the loan. Repayment will be made at the discretion of the ASCF Select Income Fund when the Fund is financially capable.

The loan from the Responsible Entity is initially recognised at its nominal amount received. Imputed interest, had it been charged at market rates, would have been recognised as an interest expense over the term of the loan in accordance with AASB 9 "Financial Instruments."

The fair value of the interest-free loan approximates its carrying amount given the absence of stated interest rates, and it is considered a below-market rate transaction.

The Fund's accounting policies related to related party transactions are in accordance with AASB 124 "Related Party Disclosures."

Note 16. Key Management Personnel Unitholdings

Key Management Personnel, Filippo Sciacca, Kosta Giovanos & Richard Taylor and other related parties held units in the Fund as follows:

	30 June 2024 $	30 June 2023 $
Opening investments by related parties	3,000,000	-
Investments placed by related parties during the year	-	3,000,000
Redemptions paid to related parties during the year	-	-
Investments in the Fund at balance date	3,000,000	3,000,000
Distributions received by related parties from the Fund	258,707	176,005

No key management personnel have entered into any transactions with the Fund during the year and there were no material balances involving key management personnel's interests outstanding at year end.

Note 17. Commitments and contingencies

The Fund does not have any commitments, contingent assets or contingent liabilities as at 30 June 2024.

Note 18. Financial Risk Management

Introduction
The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

Risk Management Structure
The Funds Responsible Entity is responsible for identifying and controlling risks. The Board of Directors supervises the Responsible Entity and is ultimately responsible for the overall risk management approach within the Fund.

Note 18. Financial Risk Management (continued)

Risk Measurement and Reporting System
Monitoring and controlling risks is primarily performed based on policies established by the Responsible Entity. These policies reflect the business strategy and market environment of the Fund, as well as the level of risk the Fund is willing to accept.

Risk Mitigation
The Fund has developed investment guidelines as part of its overall business strategies and its general risk management.

Excessive Risk
Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or loans and advances are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. In order to avoid excessive concentration of risk, the Fund's policies and procedures include guidelines to focus on maintaining a diversified portfolio. The Responsible Entity will manage excessive risk concentrations when they arise.

Market Risk
Market Risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Fund is not exposed to currency risk and other price risk; and the Fund does not trade in the financial instruments it holds on its books.

The Fund is not materially exposed to movements in interest rates as Loans Receivable and Unitholders Funds are on fixed interest terms, with only minimal cash and cash equivalents on variable interest rates.

Credit Risk - Loans
Credit risk is the risk that a borrower will cause a financial loss for the Fund, by failing to discharge an obligation (loan default). The risk of losses from the loans undertaken is primarily reduced by the nature and quality of the security taken. The compliance plan only allows loans to borrowers on initial application at a maximum loan to valuation ratio of 80%. Valuers are selected from a panel approved by the Board of Directors of the Responsible Entity that meet strict criteria.

The Fund minimises concentrations of credit risk in relation to Loans Receivable by undertaking transactions with a large number of customers within the specified category.

The maximum exposure to credit risk before any credit enhancements at the end of each financial year is the carrying amount of the financial assets.

Liquidity Risk
Liquidity risk is the risk that the Fund will not be able to meet its short-term payment commitments as they fall due. Mortgage loans are relatively illiquid compared to some other asset classes and delays may occur in converting these investments into cash. This may affect distributions and/or redemptions to investors. The Responsible Entity maintains a policy to minimise liquidity risk by holding assets of the Fund in liquid investments such as cash. Quarterly and annual cashflow forecasting is also used to help monitor future cash flow requirements.

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cashflows. Units are redeemed at the end of the investment term in line with the product disclosure statement. The Directors do not envisage that the contractual maturity disclosed in the table will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

Note 18. Financial Risk Management (continued)

As at June 2024	Less than 1 Month $	1 - 6 Months $	6 - 12 Months $	1 - 2 Years $	Total $
Financial Liabilities					
Other creditors	-	850	-	-	850
Unsecured liabilities	-	15,950	-	-	15,950
Net assets attributable to Unitholders	444,000	23,357,114	18,170,084	4,018,010	45,989,208
	444,000	23,373,914	18,170,084	4,018,010	46,006,008

As at June 2023	Less Than 1 Month $	1 - 6 Months $	6 - 12 Months $	1 - 2 Years $	Total $
Financial Liabilities					
Other creditors	-	1,377	-	-	1,377
Unsecured liabilities	-	16,225	-	-	16,225
Net assets attributable to Unitholders	1,925,000	20,736,686	17,351,433	5,558,010	45,571,129
	1,925,000	20,754,288	17,351,433	5,558,010	45,588,731

Note 19. Fair Value Measurements

Fair value hierarchy
AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurement based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques
The valuation techniques selected by the Fund are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Loans and Receivables
The carrying value less expected credit losses of Loans Receivable is a reasonable approximation of their fair values. The allowance for expected credit losses are assessed each financial year by Directors as disclosed at Note 2.

Note 19. Fair Value Measurements (continued)

The Responsible Entity of the Fund has a control framework in place to monitor the measurement of fair value, particularly in relation to Level 3 instruments. The principles of this control framework are based on the following activities:

- Compliance Committee Meeting;
- Compliance Plan guidelines to determine appointment and engagement of approved registered valuers;
- Compliance Monitoring;
- Review of the Fund's Strategy; and
- Due diligence over new loans and rollover of loan facilities.

Note 20. Net Assets Attributable to Unitholders

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

	30 June 2024 No.	30 June 2024 $	30 June 2023 No.	30 June 2023 $
Opening Balance	45,571,129	45,571,129	54,646,624	54,646,624
Applications	10,451,000	10,451,000	11,201,500	11,201,500
Redemptions net of amounts rolled over	(10,032,921)	(10,032,921)	(20,276,995)	(20,276,995)
Closing Balance	45,989,208	45,989,208	45,571,129	45,571,129

As stipulated within the Fund's constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes on units and each unit has the same rights attaching to it as all other units of the Fund.

Units are redeemed at the end of the investment term in line with the product disclosure statement, however, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the financial year cannot be reliably determined.

ASCF Select Income Fund
Directors' declaration
30 June 2024

In accordance with a resolution of the Directors of ASCF Select Income Fund, the Directors of the Responsible Entity declare that:

- the financial statements and notes, give a true and fair value of the Fund's financial position as at 30 June 2024 and its performance for the year ended on that date in accordance with the Corporations Act 2001, including:

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

- Note 1 confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Directors

Richard Taylor	Filippo Sciacca
Director	Director

27 September 2024

Grant Thornton

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Independent Auditor's Report

To the Unitholders of ASCF Select Income Fund

Report on the audit of the financial report

Opinion

We have audited the financial report of ASCF Select Income Fund (the Scheme), which comprises the statement of financial position as at 30 June 2024, 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 material accounting policy information, and the Directors' declaration.

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

a giving a true and fair view of the Scheme's financial position as at 30 June 2024 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Scheme in accordance with the *Corporations Act 2001* and 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.

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

The Directors of Australian Secure Capital Fund Ltd (the Responsible Entity) are responsible for the other information. The other information comprises the information included in the Scheme's annual report for the year ended 30 June 2024 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 the Directors for the financial report

The Directors of Australian Secure Capital Fund Ltd (the Responsible Entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

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

A F Newman
Partner – Audit & Assurance

Brisbane, 27 September 2024