



# Millbrook Credit Fund

ARSN 125 042 480

Annual Financial Report  
For the year ended March 31, 2024

Fixed returns.  
Personal service.  
Proven performance.

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**Millbrook Credit Fund**  
**ARSN 125 042 480**

**Financial report for the year ended**  
**March 31, 2024**

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Fixed returns.  
Personal service.  
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**Millbrook Credit Fund**  
**ARSN 125 042 480**

**Responsible Entity's Report**

The directors of Millbrook Asset Management Ltd, the Responsible Entity of the Scheme, submit the financial report of Millbrook Credit Fund for the year ended 31 March 2024. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows :

**Information about the directors**

The names of the directors of the Responsible Entity during or since the end of the financial period are :

David Lyall  
George Lyall  
Matthew Bush  
David Bird- appointed February 20, 2024  
Michael Doble- appointed December 15, 2023

The above named directors held office during the whole of the financial period and since the end of the financial period except for any appointments and/or resignations disclosed above.

**Principal activities**

The Scheme is a registered management investment scheme domiciled in Australia.

The principal activity of the Scheme during the financial year was to act as an umbrella mortgage investment scheme under which there were sub-schemes of individual mortgage investments. The Scheme invests funds in accordance with its investment objectives and guidelines as set out in the current Product Disclosure Statement and in accordance with the provisions of the Constitution.

There have been no significant changes in the activities of the Scheme during the financial period. The Scheme did not have any employees during the financial period.

**Review and result of operations**

The Scheme has continued to expand the scale of its operations in the current financial period. The net profit after tax amounted to \$Nil (year ended 31 March 2023 : \$Nil).

**Millbrook Credit Fund**  
**ARSN 125 042 480**

**Responsible Entity's Report**

**Significant changes in state of affairs**

During the year there were no changes to the company's state of affairs.

**Subsequent events**

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

**Future developments**

The Scheme will continue to be managed in accordance with the provisions of its Constitution.

Future results will depend on the performance of the markets to which the Scheme is exposed. Further details of likely future developments in the operations of the Scheme, and the expected results of those operations in future financial years, have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Scheme.

**Indemnification of officers and auditors**

As long as the officers of the Responsible Entity act in accordance with the Scheme's Constitution and the law, the officers remain indemnified out of the assets of the Scheme against losses incurred while acting on behalf of the Scheme.

The Responsible Entity has not otherwise, during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability incurred as such an officer or auditor.

**Millbrook Credit Fund**  
**ARSN 125 042 480**

**Responsible Entity's Report**

**Scheme Information**

Fees paid to the Responsible Entity out of scheme property during the financial year \$4,487,572 (31.03.2023 : \$1,911,119).

Interests in the Scheme issued during the year \$145,065,244 (31.03. 2023 : \$114,467,281).

Withdrawals from the Scheme during the year \$119,525,070 (31.03.2023 : \$88,796,746).

Provision for loan impairment at year end \$Nil (31.03.2023 : \$Nil).

Value of scheme assets at year-end \$146,175,653 (31.03.2023 : \$120,635,479).

The basis for the valuation of the fund's assets is at historical cost less provision for impairment. Additional details are disclosed in Note 1 to the financial statements.

**Auditors' independence declaration**

The auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* is included in the annual report.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the directors of the Responsible Entity, Millbrook Asset Management Ltd.

*David Lyall*

David Lyall (Jun 28, 2024 16:00 GMT+10)

David Lyall - Director

Date : 28/06 2024

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**Grant Thornton Audit Pty Ltd**

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## Auditor's Independence Declaration

### To the Directors of Millbrook Credit Fund

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Millbrook Credit Fund for the year ended 31 March 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



D G Ng  
Partner – Audit & Assurance

Melbourne, 28 June 2024

**Millbrook Credit Fund**  
**ARSN 125 042 480**

**Statement of financial position**  
**as at 31 March 2024**

	Note	2024 \$	2023 \$
<b>Assets</b>			
Cash and liquid assets		8,023,384	5,057,133
Borrowers' loan interest receivable		1,246,462	708,040
Mortgage loans (net of prepaid borrower interest)	4	143,186,092	117,036,683
Total assets		<u>152,455,938</u>	<u>122,801,856</u>
<b>Liabilities</b>			
Investor balances held prior to allocation		5,033,823	1,458,337
Interest Payable to investors		1,213,046	684,580
Management and other Fees Payable		33,416	23,461
Total liabilities (excluding net assets attributable to Scheme Participants' Accounts - liability)		<u>6,280,285</u>	<u>2,166,378</u>
Net assets attributable to Scheme Participants Accounts - liability	5	<u>146,175,653</u>	<u>120,635,478</u>

**Millbrook Credit Fund**  
**ARSN 125 042 480**

**Statement of profit or loss and other comprehensive income**  
**for the year ended 31 March 2024**

	Note	2024 \$	2023 \$
Interest revenue		11,635,577	7,538,979
Fee revenue		4,529,788	2,094,115
Total revenue	2	<u>16,165,366</u>	<u>9,633,093</u>
Expenses from ordinary activities			
Agent commissions		42,218	182,475
Management fees paid to Responsible Entity		2,199,804	1,608,862
Administration fees paid to Responsible Entity		2,287,768	302,257
Total expenses		<u>4,529,790</u>	<u>2,093,595</u>
Profit from operating activities		<u>11,635,576</u>	<u>7,539,499</u>
Finance costs			
Distributions to scheme participants	3	11,635,576	7,539,499
Total finance costs		<u>11,635,576</u>	<u>7,539,499</u>
Net profit for the year		<u>-</u>	<u>-</u>

**Millbrook Credit Fund**  
**ARSN 125 042 480**

**Statement of changes in equity**  
**for the year ended 31 March 2024**

The Scheme's net assets attributable to Scheme Participants are classified as a liability under *AASB 132 Financial Instruments : Presentation*. As such, the Scheme has no equity and no items of changes in equity have been presented for the current period or comparative year.

**Millbrook Credit Fund**  
**ARSN 125 042 480**

**Statement of cash flows**  
**for the year ended 31st March 2024**

	Note	2024 \$	2023 \$
<b>Cash Flows from Operating Activities</b>			
Interest received		11,625,622	8,853,759
Fee income received		4,529,788	2,094,115
Responsible Entity fees paid		-2,189,848	-1,585,401
Administrative expenses paid		-2,287,768	-302,257
Agent trailer expenses paid		-42,218	-182,475
Net Cash provided by Operating Activities	6	<u>11,635,577</u>	<u>8,877,739</u>
<b>Cash Flows from Investing Activities</b>			
Funds (invested) in mortgage loans		-109,835,933	-90,965,986
Funds redeemed/received from borrowers/mortgage loans		83,686,524	63,424,567
Cash Flows used in Investing Activities		<u>-26,149,409</u>	<u>-27,541,419</u>
<b>Cash Flows from Financing Activities</b>			
Members' applications		148,640,730	114,515,076
Members' redemptions		-119,525,070	-86,925,862
Distributions paid		-11,635,576	-7,539,499
Cash Flows from Financing Activities		<u>17,480,084</u>	<u>20,049,715</u>
Net increase decrease in Cash Held		2,966,252	1,386,036
Cash at beginning of financial year		5,057,133	3,671,097
Cash at end of financial year	6	<u><u>8,023,384</u></u>	<u><u>5,057,133</u></u>

**Millbrook Credit Fund**  
**Notes to the financial statements**  
**for the year ended 31 March 2024**

**1. Significant Accounting Policies**

**Reporting Entity**

Millbrook Credit Fund (the 'Scheme'), is a registered managed investment scheme under the Corporations Act 2001. The Scheme is a for-profit entity. The financial statements are for the year ended 31 March 2024.

**Basis of Preparation**

*Statement of Compliance*

The financial statements are general purpose and have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for some financial assets and participants' balances.

The Scheme manages financial assets based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

In the case of participant accounts, the balances are redeemed in accordance with the participant's rights under the scheme's Constitution and the *Corporations Act 2001*. However, participants typically retain the investment for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

**Millbrook Credit Fund**  
**Notes to the financial statements**  
**for the year ended 31 March 2024**

**1. Significant Accounting Policies (continued)**

**(a) Financial Instruments**

**Recognition and initial measurement**

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed in profit or loss immediately. Financial instruments are classified and measured as set out below.

**Classification and subsequent measurement**

*i. Financial assets at fair value through profit and loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise. Fair values of unit trust and managed fund investments are measured by reference to the unit redemption price at the reporting date.

*ii. Loans and receivables*

Mortgage loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

If evidence of impairment exists, an impairment loss is recognised in the Profit or Loss Statement as the difference between the asset's carrying amount and the present value of estimated discounted future cash flows.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

**Millbrook Credit Fund**  
**Notes to the financial statements**  
**for the year ended 31 March 2024**

**1. Significant Accounting Policies (continued)**

**Classification and subsequent measurement (continued)**

*iii. Financial liabilities*

Non-derivative financial liabilities are subsequently measured at amortised cost.

**Impairment**

At each reporting date, the Responsible Entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the profit or loss.

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the profit or loss.

**Offsetting**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the scheme has a legal right to offset the amounts and it intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under Australian Accounting Standards e.g. for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit and loss.

**(b) Impairment of non-financial assets**

At each reporting date, the Responsible Entity reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Responsible Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**Millbrook Credit Fund**  
**Notes to the financial statements**  
**for the year ended 31 March 2024**

**1. Significant Accounting Policies (continued)**

**(c) Cash and cash equivalents**

For the purposes of the Statement of Cash Flows, cash includes cash and at call deposits with banks, and investment in money market instruments that are readily convertible to cash on hand at the Responsible Entity's option and are subject to insignificant risk of changes in value.

**(d) Income tax**

Under current legislation the Scheme is not subject to income tax as the Scheme members are presently entitled to the taxable income of the Scheme. Any liability for income tax must be taken up by Scheme members as part of their personal liability for tax.

**(e) Income and expenses**

**Income**

Interest is recognised as it accrues taking into account the interest rates applicable to the financial assets.

Other Mortgage Loan Related Income is recognised when the corresponding Mortgage Loan Related Expense is brought to account on an accruals basis by the Scheme.

**Expenses**

Expenses are brought to account on an accruals basis.

Mortgage loan related expenses are brought to account on an accruals basis.

The Responsible Entity is entitled under the Scheme Constitution, to be reimbursed for certain expenses incurred in administering the Scheme. The basis on which the expenses are reimbursed is defined in the Scheme Constitution. The amount reimbursed is recognised in the Profit or Loss and is calculated in accordance with the Scheme Constitution.

In accordance with the Scheme Constitution and Product Disclosure Statement, the Responsible Entity is entitled to receive a management fee as the Single Responsible Entity. This fee is calculated and paid monthly. The Responsible Entity is also entitled to receive a fee equal to the difference between the standard and penalty rates payable by a borrower, should a borrower be in default of the loan under the loan documentation. It is also entitled to receive any additional interest payable by a borrower should a loan be discharged early. The amount paid is disclosed as Responsible Entity Fees in the Profit or Loss.

**Millbrook Credit Fund**  
**Notes to the financial statements**  
**for the year ended 31 March 2024**

**1. Significant Accounting Policies (continued)**

**(f) Participants' accounts and distributions**

**Participants' accounts and rights to withdraw from the scheme**

Members (participants) in the Scheme have the right to make a request to withdraw funds from their Participant Account. A member's right to withdraw must be in accordance with *Corporations Act 2001 section 601KA*. A member's right to withdraw must therefore comply with *Corporations Act 2001* and the Constitution of the registered scheme. The *Corporations Act 2001* defines both a 'liquid scheme' and a 'non-liquid scheme'. A registered scheme is liquid if the liquid assets account for at least 80% of the value of scheme property. The responsible entity must not allow a member to withdraw from the Scheme if the Scheme is not liquid otherwise than in accordance with the Scheme's Constitution and sections 601KB to 601KE of the *Corporations Act 2001*.

**Distributions**

The Scheme distributes its distributable income, in accordance with the Scheme's Constitution, to participants in cash. The distributions are recognised in Profit or Loss Statement, under finance costs, as Distributions to Participants.

**(g) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (**GST**), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (**ATO**). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of Financial Position.

Cash flows included in the Statement of Cash Flows are inclusive of GST. GST cash flow components arising from investing and financing activities which are payable to, or recoverable from, the ATO are classified as cash flows from operating activities.

**(h) Trade and other payables**

Payables include prepaid borrower interest, and, liabilities and accrued expenses owing by the Scheme which are unpaid as at reporting date. The distribution amount payable to Participants as at reporting date is recognised separately on the Statement of Financial Position as Participants are presently entitled to the distributable income as at the reporting period 'end date' under the Scheme's Constitution.

**Millbrook Credit Fund**  
**Notes to the financial statements**  
**for the year ended 31 March 2024**

**1. Significant Accounting Policies (continued)**

**(i) Critical accounting estimates and judgements**

The directors evaluate estimates and judgements incorporated into these 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 Scheme.

**(j) Comparative figures**

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

The derecognition rules have not been changed from the previous requirements, and the scheme does not apply hedge accounting.

**Millbrook Credit Fund**  
**Notes to the financial statements**  
**for the year ended 31 March 2024**

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>Note 2. Interest Income and Fees</b>		
Mortgage loans	<u>16,165,366</u>	<u>9,633,093</u>
<b>Note 3. Distributions</b>		
The distributions paid or payable by the Scheme in respect of the financial year	<u>11,635,576</u>	<u>7,539,499</u>
<b>Note 4. Mortgage Loans</b>		
Mortgage Loans	146,175,653	120,635,479
Less prepaid borrowers' interest	-2,989,561	-3,598,796
Mortgage loans (net of prepaid borrowers' interest)	<u>143,186,092</u>	<u>117,036,683</u>
Opening balance	117,036,683	92,355,264
New mortgage loans	109,835,933	90,965,986
Net of / amortisation of prepaid borrowers' interest	-510,031	-2,860,000
Mortgage loans repaid	-83,176,493	-63,424,567
Closing balance	<u>143,186,092</u>	<u>117,036,683</u>
<b>Note 5. Scheme Participants' Accounts</b>		
Scheme Participants' Account		
Opening balance	120,635,479	94,964,944
Applications	145,065,244	114,467,281
Redemptions	-119,525,070	-88,796,746
Closing balance	<u>146,175,653</u>	<u>120,635,479</u>

**Millbrook Credit Fund**  
**Notes to the financial statements**  
**for the year ended 31 March 2024**

	2024	2023
	\$	\$
<b>Note 6. Cash flow information</b>		
(a) Reconciliation of cash. For the purposes of the Statement of Cash Flows cash included cash on hand and at bank.	8,023,384	5,057,133
(b) Reconciliation of cash flow from operations with net profit		
Profit from operating activities	11,635,576	7,539,499
<b>Changes in Assets and Liabilities</b>		
Increase in Prepaid interest and other payables	-	1,338,241
Net cash provided by Operating Activities	11,635,576	8,877,740
(b) Non-cash financing and investment activities		

As all income is distributed to Underlying Participants no income is reinvested into the Scheme via a distribution reinvestment plan.

**Note 7. Related party transactions**

The Responsible Entity of the Scheme is Millbrook Asset Management Limited (MAM).

**Key Management Personnel**

(a) The Scheme does not employ personnel in its own right. However the Responsible Entity does manage the activities of the Scheme and this is considered to be the Key Management Personnel. The directors of the Responsible Entity are Key Management Personnel but no amounts are paid by the Scheme directly to the directors of the Responsible Entity. Fees paid by the Scheme to the Responsible Entity are disclosed at (b) below.

**Related Party Remuneration**

(b) Responsible Entity Fees  
Fees paid by the Scheme to the Responsible Entity amounted to \$4,487,572 (2023: \$1,911,119).  
All fees are paid in accordance with the Scheme Constitution and Product Disclosure Statement.

**Other Related Party Transactions**

(c) The following transactions occurred between the related entities: The Scheme has no investment in Millbrook Asset Management Ltd (MAM) or its associates.

**Millbrook Credit Fund**  
**Notes to the financial statements**  
**for the year ended 31 March 2024**

**Note 7. Related party transactions (continued)**  
**Other Related Party Transactions (continued)**

From time to time directors of MAM, or their director related entities, may invest or withdraw from the Scheme. These transactions are on the same terms and conditions as those entered into by all Scheme participants. At the reporting date, director-related entities held investments of \$2,912,277 (2023: 2,688,703).

**Note 8. Financial risk management.**

The Scheme maintains positions in a variety of non-derivative financial instruments as dictated by the Scheme's investment strategy. The Scheme's financial assets include bank deposits and direct first mortgage investments, which are usually held for specific periods of time.

These investing activities expose the Scheme to various types of risk that are associated with the types of financial instruments and markets utilised. The main types of financial risk to which the Scheme is exposed are market risk, credit risk, liquidity risk and operational risk.

The Board of Directors of the Responsible Entity has overall responsibility for the establishment and oversight of the Scheme's risk management framework. The Board is responsible for developing and monitoring the risk management framework relating to the Scheme. This framework is established to identify, analyse and monitor Scheme related risks, and assess the adequacy of the procedures and controls put in place to mitigate them. Risk management policies and systems are reviewed regularly to ensure they reflect Scheme activities and changes to market conditions.

Management reports are provided to the Board on investment performance, mortgage defaults and arrears rates.

The total of each category of financial instrument measured in accordance with the accounting policies to the financial statements are set out below:

	2024	2023
	\$	\$
<b>Financial and other assets</b>		
Cash and cash equivalents	8,023,384	5,057,133
Mortgage loans (net of prepaid borrowers' interest)	143,186,092	117,036,683
<b>Total financial assets</b>	<u>151,209,476</u>	<u>122,093,816</u>
<b>Financial liabilities</b>		
Investor funds held pending allocation	5,033,823	1,458,337
Participants' accounts	146,175,653	120,635,479
<b>Total financial liabilities</b>	<u>151,209,476</u>	<u>122,093,816</u>

**Millbrook Credit Fund**  
**Notes to the financial statements**  
**for the year ended 31st March 2024**

**Note 8. Financial risk management (continued)**

The nature and extent of the financial instruments and other assets held at reporting date and the risk management policies employed by the Scheme are as follows:

**(a) Market Risk**

Market risk embodies the potential for losses and gains and includes currency risk, interest rate risk and price risk. As the underlying security for the Scheme's mortgage investments is real property, this market can have an effect on the Scheme's assets if a claim on the security is required. The Responsible Entity manages the Scheme's exposure to market risks in accordance with the investment strategy. Market risk is minimised by the selection of high quality service providers, prudent loan to valuation ratios (LVR) and short lending periods.

As all investments are held for specific investors, the market risks related to each specific investment are borne by the investors either directly (in a contributory sub-scheme) or indirectly (in a pooled sub-scheme).

The Scheme's exposure to currency risk, interest rate risk and price risk are set out below.

**(b) Currency Risk**

The Scheme does not invest in financial instruments denominated in currencies other than the measurement currency (Australian Dollars) and consequently is not exposed to currency risk.

**(c) Price Risk**

Price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices. As all of the Scheme's financial instruments are carried at recoverable amount with any impairment recognised in the Statement of Profit or Loss and Other Comprehensive Income, all changes in market conditions will directly affect Total Income. The mortgage investments held by the scheme are not directly exposed to price risk.

**Millbrook Credit Fund**  
**Notes to the financial statements**  
**for the year ended March 31 2024**

**Note 8. Financial risk management (continued)**

**(d) Interest rate risk**

The Scheme holds the following financial instruments :

	Interest	Floating Interest Rate	<u>Fixed Interest Maturing</u>	
	%	\$	Within 1 year	Within 1 - 5 Years
			\$	\$
<b><u>Balances at 31.03.2024</u></b>				
<b>Financial assets (net of impairment where applicable)</b>				
Cash		8,023,384	-	-
Loan and advances	2.5% to 12.0%	6,280,285	102,835,833	43,339,821
<b>Financial liabilities (net of impairment where applicable)</b>				
Investor funds	2.0% to 10.0%	1,218,116	102,835,833	43,339,821
Prepaid income & other payables		6,280,285	-	-

**Balances at 31.03.2023**

<b>Financial assets (net of impairment where applicable)</b>				
Cash		5,057,133	-	-
Loan and advances	2.5% to 12.0%	2,296,426	104,158,157	16,477,322
<b>Financial liabilities (net of impairment where applicable)</b>				
Investor funds	2.0% to 10.0%	2,296,426	104,158,157	16,477,322
Prepaid income & other payables		2,166,377	-	-

**Net fair values**

The net fair value of assets and liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

Financial assets where carrying amounts exceed net fair values have not been written down as the principal intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements.

**Millbrook Credit Fund**  
**Notes to the financial statements**  
**for the year ended 31 March 2024**

**Note 8. Financial risk management (continued)**

**Credit Risk**

All of the entity's mortgage loans at amortised cost are considered to have low credit risk as they are secured by first mortgages over physical assets with an average LVR within the portfolio at the balance sheet date of 54% (2023: 58%).

At 31 March 2024, the total value of loans that were past due was \$18,811,225 (2023:\$11,721,910 ). \$18,551,785 of this amount was repaid after the year-end.

Mortgage loans are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group. Impairment losses on mortgage loans are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

**Note 9. Contingent liabilities and contingent assets**

There are no contingent assets or contingent liabilities.

**Note 10. Events subsequent to reporting date**

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operation of the Scheme, its results, or the state of its affairs in future years.

**Note 11. Scheme details.**

The Responsible Entity of the Scheme is Millbrook Asset Management Ltd.

The registered office and principal place of business of the Responsible Entity and the Scheme is :

Millbrook Asset Management Ltd  
Level 7, 1 Collins Street, Melbourne 3000.

**Note 12. Auditor's Remuneration**

Auditor remuneration in relation to the Scheme is paid by the Responsible Entity and as such is not included in the expenses in the Profit or Loss Statement.

	2024	2023
	\$	\$
Auditors' remuneration		
Audit or review of financial reports	25,000	19,000
Other services (compliance services)	6,000	6,000
	<u>31,000</u>	<u>25,000</u>



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**Grant Thornton Audit Pty Ltd**

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## Independent Auditor's Report

### To the Members of Millbrook Credit Fund

#### Report on the audit of the financial report

##### Opinion

We have audited the financial report of Millbrook Credit Fund (the "Scheme"), which comprises the statement of financial position as at 31 March 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 Scheme's 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 31 March 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.

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

The Directors of the Scheme are responsible for the other information. The other information comprises the information included in the Scheme's report for the year ended 31 March 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' of the Scheme for the financial report**

The Directors of the Scheme are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standard 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: [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



D G Ng  
Partner – Audit & Assurance

Melbourne, 28 June 2024

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#### **Important Information**

This report is issued by Millbrook Asset Management Ltd ABN 81 123 219 732 AFSL /ACL 335001, Responsible Entity for the Millbrook Credit Fund ARSN 125 042 480. Intending investors must obtain a copy of the Fund's Product Disclosure Statement (PDS) and Target Market Determination (TMD), an investment can only be made by completing the application form included in the PDS. Intending investors should seek independent financial advice on whether an investment in the Fund is appropriate for them. Any information is of a general nature only. We have not taken into account your objectives, financial situation, or needs when preparing it. All investments, including that of the Millbrook Credit Fund, involve the risk of losing all or part of investors investment capital and/or interest. Past performance is not necessarily a guide to future performance.

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