

Millbrook Credit Fund

ARSN 125 042 480

Financial report for the year
ended 31st March 2023

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Responsible Entity's Report

The directors of Millbrook Asset Management Ltd (formerly Millbrook Mortgage Management Ltd.), the Responsible Entity of the Scheme, submit the financial report of Millbrook Credit Fund (formerly Millbrook Mortgage Fund) for the year ended 31st March 2023. 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 year are :

- David Lyall
- George Lyall
- Matthew Bush

The above-named directors held office during the whole of the financial year and since the end of the financial year 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 per 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 year. The Scheme did not have any employees during the financial year.

Review and result of operations

The Scheme has continued to expand the scale of its operations in the current financial year. The net profit after tax amounted to \$Nil (year ended 31st March 2022: \$Nil).

Significant changes in the state of affairs

During the financial year, the Scheme changed its name to Millbrook Credit Fund.

Subsequent events

Subsequent to the year-end Millbrook Credit Fund engaged Perpetual Corporate Trust Limited as Custodian of the Fund.

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

During the financial year, the Responsible Entity paid premiums to insure the directors and secretary of the Responsible Entity under a Directors and Officers Insurance policy. Further disclosure of information relating to this policy is not permitted under the contract of insurance.

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 year, 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.

Scheme Information

Fees paid to the Responsible Entity out of scheme property during the financial year \$1,911,119 (31.03.2022: \$1,255,606).

Interests in the Scheme issued during the year \$114,467,281 (31.03. 2022: \$54,454,665).

Withdrawals from the Scheme during the year \$86,925,862 (31.03.2022: \$38,708,982).

Provision for loan impairment at year-end \$Nil (31.03.2022: \$Nil).

Value of scheme assets at year-end \$122,506,363 (31.03.2022: \$94,964,944).

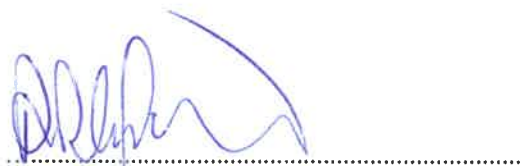
The basis for the valuation of the fund's assets is at historical cost less provision for impairment. Additional details are disclosed in Note 1 to the financial statements.

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 - Director

Date: 30/6 2023

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 2023, 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, 30 June 2023

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Statement of financial position

As at 31st March 2023

	Note	2023 \$	2022 \$
Assets			
Cash and liquid assets		5,057,133	3,671,097
Mortgage loans (net or prepaid borrower interest)	4	117,036,683	92,355,264
Borrowers' loan interest receivable		708,040	
Mortgage loans funds in trust			349,125
Total assets		<u>122,801,856</u>	<u>96,375,486</u>
Liabilities			
Investor balances held prior to allocation		1,458,337	1,410,542
Interest Payable to investors		684,580	
Management and other Fees Payable		23,461	
Total liabilities (excluding net assets attributable to Scheme Participants' Accounts - liability)		<u>2,166,377</u>	<u>1,410,542</u>
Net assets attributable to Scheme Participants Accounts - liability	5	<u>120,635,479</u>	<u>94,964,944</u>

MILLBROOK

GROUP

Statement of profit or loss and other comprehensive income for the year ended 31st March 2023

	2023	2022
	\$	\$
Interest and fee revenue	<u>9,633,093</u>	<u>7,023,808</u>
Expenses from ordinary activities		
Agent commissions	182,475	146,824
Management fees paid to Responsible Entity	1,608,862	1,149,298
Administration fees paid to Responsible Entity	<u>302,257</u>	<u>106,308</u>
Total expenses	<u>2,093,595</u>	<u>1,402,430</u>
Profit from operating activities	<u>7,539,499</u>	<u>5,621,378</u>
Finance costs		
Distributions to scheme participants	7,539,499	5,621,378
Total finance costs	<u>7,539,499</u>	<u>5,621,378</u>
Net profit for the year	<u>-</u>	<u>-</u>

**Statement of changes in equity for the
year ended 31st March 2023**

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 year or comparative year.

**Statement of cash flows
for the year ended 31st March 2023**

	Note	2023 \$	2022 \$
Cash Flows from Operating Activities			
Interest and fees received		10,947,874	8,666,859
Responsible Entity fees paid		-1,585,401	-1,149,298
Administrative expenses paid		-302,257	-106,308
Agent trailer expenses paid		-182,475	-146,824
Net Cash provided by Operating Activities		<u>8,877,740</u>	<u>7,264,429</u>
Cash Flows from Investing Activities			
Funds (invested) in mortgage loans		-90,965,986	-74,607,175
Funds redeemed/received from borrowers/mortgage loans		63,424,567	57,567,565
Cash Flows used in Investing Activities		<u>-27,541,419</u>	<u>-17,039,610</u>
Cash Flows from Financing Activities			
Members' applications		114,515,076	54,105,540
Members' redemptions		-86,925,862	-43,335,491
Distributions paid		-7,539,499	-5,621,378
Cash Flows from Financing Activities		<u>20,049,715</u>	<u>5,148,671</u>
Net increase decrease in Cash Held		1,386,036	-4,626,510
Cash at beginning of financial year		3,671,097	8,297,607
Cash at end of financial year	6	<u>5,057,133</u>	<u>3,671,097</u>

**Notes to the financial statements for
the year ended 31st March 2023**

1. Significant Accounting Policies

Reporting Entity

Millbrook Credit Fund (the 'Scheme'), (formerly Millbrook Mortgage Fund) 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 31st March 2023.

Basis of Preparation

Statement of Compliance

The financial statements are general purpose and have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements of the Scheme comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

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 accrual 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.

**Notes to the financial statements for
the year ended 31st March 2023**

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 transaction 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 year 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 year, 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.

**Notes to the financial statements for
the year ended 31st March 2023**

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 expire, 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 the 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 is 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.

**Notes to the financial statements for
the year ended 31st March 2023**

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 an 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 accrual basis.

Mortgage loan related expenses are brought to account on an accrual 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.

**Notes to the financial statements for
the year ended 31st March 2023**

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 the Corporations Act 2001 section 601KA. A member's right to withdraw must therefore comply with the 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 the 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 the 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 that 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 year 'end date' under the Scheme's Constitution

**Notes to the financial statements for
the year ended 31st March 2023**

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 the 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 year.

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

**Notes to the financial statements for
the year ended 31st March 2023**

	2023 \$	2022 \$
Note 2. Interest Income		
Mortgage loans	<u>9,633,093</u>	<u>7,023,808</u>
Note 3. Distributions		
The distributions paid or payable by the Scheme in respect of the financial year	<u>7,539,499</u>	<u>5,621,378</u>
Note 4. Mortgage Loans		
Mortgage Loans	120,635,479	94,615,819
Less prepaid borrowers' interest	-3,598,796	-2,260,555
Mortgage loans (net of prepaid borrowers' interest)	<u>117,036,683</u>	<u>92,355,264</u>
Opening balance	92,355,264	79,219,261
New mortgage loans	90,965,986	74,067,175
Net of/ amortisation of prepaid borrowers interest	-2,860,000	-3,363,607
Mortgage loans repaid	-63,424,567	-57,567,565
Closing balance	<u>117,036,683</u>	<u>92,355,264</u>
Note 5. Scheme Participants' Accounts		
Scheme Participants' Account		
Opening balance	94,964,944	79,219,261
Applications	114,467,281	54,454,665
Redemptions	-88,796,746	-38,708,982
Closing balance	<u>120,635,479</u>	<u>94,964,944</u>

**Notes to the financial statements
for the year ended 31st March 2023**

	2023	2022
	\$	\$
Note 6. Cash flow information		
(a) Reconciliation of cash. For the purposes of the Statement of Cash Flows cash includes cash on hand and at bank.		
	5,057,133	3,671,097
(b) Reconciliation of cash flow from operations with net profit		
Profit from operating activities	7,539,499	5,621,378
Changes in Assets and Liabilities		
Increase / decrease in Prepaid interest and other payables	1,338,241	1,643,052
Net cash provided by Operating Activities	8,877,740	7,264,430

(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 \$1,911,119 (2022: \$1,255,606). 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.

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 and are trivial in nature. At the reporting date, director-related entities held investments of \$2,688,703 (2022: \$3,426,925).

**Notes to the financial statements
for the year ended 31st March 2023**

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 years 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 is set out below:

	2023	2022
	\$	\$
Financial and other assets		
Cash and cash equivalents	5,057,133	3,671,097
Mortgage loans (net of prepaid borrowers' interest)	117,036,683	92,704,389
Total financial assets	<u>122,093,816</u>	<u>96,375,486</u>
Financial liabilities		
Investor funds held pending allocation	1,458,337	1,410,542
Participants' accounts	120,635,479	94,964,944
Total financial liabilities	<u>122,093,816</u>	<u>96,375,486</u>

**Notes to the financial statements
for the year ended 31st March 2023**

Note 8. Financial risk management (continued)

The nature and extent of the financial instruments and other assets held at the 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 years.

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 amounts 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.

**Notes to the financial statements
for the year ended 31st March 2023**

Note 8. Financial risk management (continued)

(d) Interest rate risk

The Scheme holds the following financial instruments :

	Interest Rate	Floating Interest Rate	<u>Fixed Interest Maturing</u>	
	%	\$	Within 1 year \$	Within 1 - 5 Years \$
<u>Balances at 31.03.2023</u>				
Financial assets (net of impairment where applicable)				
Cash		5,057,133	-	-
Loan and advances	2.5% to 12.0%	2,296,426	104,158,157	16,477,322
Financial liabilities (net of impairment where applicable)				
Investor funds	2.0% to 10.0%	2,296,426	104,158,157	16,477,322
Prepaid income & other payables		2,166,377	-	-
<u>Balances at 31.03.2022</u>				
Financial assets (net of impairment where applicable)				
Cash		3,671,097	-	-
Loan and advances	2.5% to 12.0%	3,818,184	70,471,435	20,326,200
Financial liabilities (net of impairment where applicable)				
Investor funds	2.0% to 10.0%	3,818,184	70,471,435	20,326,200
Prepaid income & other payables		3,671,097		

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.

**Notes to the financial statements for
the year ended 31st March 2023**

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 58% (2022: 57%).

At 31 March 2023, the total value of loans that were past due was \$11,721,910 (2022: nil). \$1,995,000 of this amount was repaid subsequent to year-end. The average LVR of these loans is 53% (2022 nil) and as there are sufficient assets to recoup mortgage loans outstanding, the lifetime expected credit loss on these loans past due is nil (2022: nil).

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 the reporting date

No other matters or circumstances have arisen since the end of the financial year 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 9, 30 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.


	2023	2022
	\$	\$
Auditors' remuneration		
Audit or review of financial reports	19,000	22,000
Other services (compliance services)	6,000	5,000
	<u>25,000</u>	<u>27,000</u>

Responsible Entity's Directors' Declaration

The directors of Millbrook Asset Management Ltd, the Responsible Entity of the Millbrook Credit Fund (the Scheme) declare that:

1. The financial statements and notes of the 'Scheme' as set out on pages 8 to 19, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards and the Corporation Regulations 2001; and
 - (b) give a true and fair view of the financial position as of 31st March 2023 and of the performance for the year ended on that date of the scheme.
2. These financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.
3. In the directors' opinion there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of Millbrook Asset Management Ltd.



David Lyall, Director

Dated : 30th June 2023

Independent Audit Report To the members of Millbrook Credit Fund

I have audited the accompanying financial report of Millbrook Credit Fund (the 'Scheme') which comprises the statement of financial position as at 31st March 2023, the statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors Responsibility for the Financial Report

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

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101; Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Scheme's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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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 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a giving a true and fair view of the Company's financial position as at 31 March 2023 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 Company 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 Responsible Entity are responsible for the other information. The other information comprises the information included in the Scheme's Director's report for the year ended 31 March 2023, 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 the Responsible Entity 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.

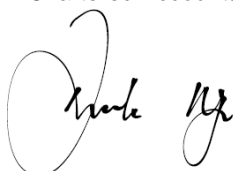
Auditor's responsibilities for the audit of the financial report

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. This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd
Chartered Accountants



D G Ng
Partner – Audit & Assurance

Melbourne, 30 June 2023