

**Millbrook Mortgage Fund**  
**ARSN 125042480**

**Financial Report**

**Six months ended 31st December 2018**

**Millbrook Mortgage Fund**

**ARSN 125 042 480**

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## **Directors' Report**

The directors of Millbrook Mortgage Management Ltd, the Responsible Entity of Millbrook Mortgage Fund ("the Scheme") present their report for the half-year ended 31st December 2018.

### **Directors**

The following persons were directors of Millbrook Mortgage Management Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated.

- David Lyall
- Robert Norman
- Simon Hardie

### **Principal activities**

The principal activity of the Scheme during the financial period was to the conduct of a registered mortgage scheme.

### **Operating results**

The operating profit after provision for income tax for the Scheme for the period was \$Nil. All operating profit was distributed to members.

### **Review of operations**

The Scheme was established to act as a registered mortgage scheme known as the Millbrook Mortgage Fund in accordance with the constitution of that fund and the requirements of the Australian Securities and Investments Commission (ASIC). The directors consider that the Scheme operated satisfactorily during the period ended 31st December 2018 in accordance with its obligations.

### **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the Scheme during the financial half-year ended 31st December 2018.

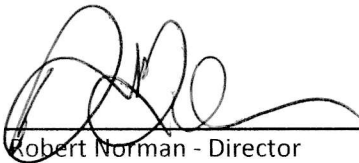
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**Directors' Report (continued)**

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration under section 307C is attached on the following page.

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



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Robert Norman - Director

Date : 31 March 2019

**DECLARATION OF INDEPENDENCE BY ROSLYN BUZZA TO THE DIRECTORS OF MILLBROOK MORTGAGE MANAGEMENT LIMITED.**

As lead auditor for the review of Millbrook Mortgage Fund for the half-year ended 31st December 2018, 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 review; and
  
- b) no contraventions of any applicable code of professional conduct in relation to the review.

Roslyn Buzza

Chartered Accountant

12th March 2019

Unit 4, 42-46 Peninsula Boulevard  
Seaford Vic 3198

**Millbrook Mortgage Fund**  
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**Statement of profit or loss and other comprehensive income**  
**For the half year ended 31st December 2018**

|  | Note | Dec 2018         | Dec 2017         |
|--|------|------------------|------------------|
|  |      | \$               | \$               |
| Interest and fee revenue                     |      | <u>641,900</u>   | <u>687,909</u>   |
| Expenses from ordinary activities            |      |                  |                  |
| Interest paid                                |      | (522,614)        | (560,693)        |
| Agent commissions                            |      | (2,038)          | (43,599)         |
| Responsible entity management and other fees |      | (117,248)        | (83,617)         |
| Total expenses                               |      | <u>(641,900)</u> | <u>(687,909)</u> |
| Profit before income tax                     |      | <u>-</u>         | <u>-</u>         |
| Income tax expense                           |      | -                | -                |
| Profit for the period                        |      | <u>-</u>         | <u>-</u>         |
| Other comprehensive income                   |      | -                | -                |
| Other comprehensive income net of tax        |      | <u>-</u>         | <u>-</u>         |
| Total comprehensive income for the period    |      | <u><u>-</u></u>  | <u><u>-</u></u>  |

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**Statement of financial position**  
**As at 31st December 2018**

|                          | Note | Dec 2018          | June 2018         |
|--------------------------|------|-------------------|-------------------|
|                          |      | \$                | \$                |
| <b>Assets</b>            |      |                   |                   |
| Cash and liquid assets   |      | 404,164           | 269,394           |
| Financial assets         |      | 18,930,000        | 15,354,605        |
| Total assets             |      | <u>19,334,164</u> | <u>15,623,999</u> |
| <b>Liabilities</b>       |      |                   |                   |
| Trade and other payables |      | 97,806            | 269,394           |
| Financial liabilities    | 8    | 19,236,358        | 15,354,605        |
| Total liabilities        |      | <u>19,334,164</u> | <u>15,623,999</u> |
| Net assets               |      | <u>-</u>          | <u>-</u>          |
| Total equity             |      | <u>-</u>          | <u>-</u>          |

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**Statement of changes in equity**  
**For the half year ended 31st December 2018**

|  | Retained earnings | Total |
|--|-------------------|-------|
|  | \$                | \$    |
| Balance at 1st July 2017                     | -                 | -     |
| Total comprehensive income for the half year | -                 | -     |
| Balance at 31st December 2017                | -                 | -     |
| Balance at 1st July 2018                     | -                 | -     |
| Total comprehensive income for the half year | -                 | -     |
| Balance at 31st December 2018                | -                 | -     |

Mortgage investments shown as Financial Assets in the Statement of Financial Position are not held collectively for all members of the Scheme. Total amount of investment funds held within the Scheme by individual investors are classified as Financial Liabilities, consequently there is no equity for financial reporting purposes.



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**Statement of cash flows**  
**For the half year ended 31st December 2018**

|   | Note | Dec 2018           | Dec 2017           |
|---|------|--------------------|--------------------|
|   |      | \$                 | \$                 |
| <b>Cash flows from operating activities</b>               |      |                    |                    |
| Cash receipts in the course of operations (including GST) |      | 3,187,551          | 2,201,693          |
| Interest received   |      | 641,900            | 448,132            |
| Cash payments in the course of operations (including GST) |      | <u>(3,694,681)</u> | <u>(2,889,602)</u> |
| <b>Net cash from operating activities</b>                 |      | <u>134,770</u>     | <u>(239,777)</u>   |
| <br>  |      |                    |                    |
| <b>Net cash increase (decrease) in cash held</b>          |      | <u>134,770</u>     | <u>(239,777)</u>   |
| <br>  |      |                    |                    |
| Cash at beginning of period                               |      | 269,394            | 379,070            |
| <br>  |      |                    |                    |
| Cash at end of period                                     |      | <u>404,164</u>     | <u>139,293</u>     |

**Notes to the financial statements**  
**For the half year ended 31st December 2018**

**1. Statement of significant accounting policies**

***Basis of preparation***

These general purpose financial statements for the interim half-year reporting period ended 31st December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 : Interim Financial Reporting and the *Corporations Act 2001* as appropriate for for-profit entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30th June 2018, and any public announcements made by the Scheme during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

***New, revised or amending Accounting Standards and Interpretations adopted.***

The Scheme has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Scheme from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations do not have any significant impact on the financial performance or position of the Scheme.

**2. Events subsequent to reporting date**

Since 31st December 2018, no event has arisen that would be likely to materially affect the operations of the Scheme, or the state of affairs of the Fund not otherwise disclosed in the Scheme's financial report.

**3. Contingent liabilities**

The directors are not aware of any contingent liabilities

**4. Segment information**

The Scheme operates in one segment being the management of a registered mortgage scheme. The company operates in Melbourne in the State of Victoria, Australia.

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**Notes to the financial statements**  
**For the half year ended 31st December 2018**

#### **5. Fair value disclosure**

The Scheme has a number of financial instruments which are not measured at fair value in the statement of financial position, including cash, trade and other receivables, mortgage investments, and trade and other payable. The fair value of these financial assets and financial liabilities approximates their carrying amount.

*Continued next page*

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**Notes to the financial statements**  
**For the half year ended 31st December 2018**

**6. Revenue**

|                   | Dec 2018       | Dec 2017       |
|-------------------|----------------|----------------|
|                   | \$             | \$             |
| Mortgage interest | <u>641,900</u> | <u>687,909</u> |

**7. Financial assets**

|  | Dec 2018          | June 2018         |
|--|-------------------|-------------------|
|  | \$                | \$                |
| Loans and receivables : mortgage investments | <u>18,930,000</u> | <u>15,354,605</u> |

Mortgage investments shown in the Statement of Financial Position are not held collectively for all members of the Scheme. The Millbrook Mortgage Fund is a syndicated mortgage scheme whereby each mortgage investment is owned legally and beneficially by the individual syndicate members. It is an ASIC requirement that the mortgages are disclosed as assets of the Scheme.

Mortgage investments are secured by a legal mortgage over real property. The mortgage is registered with the relevant authority in the state or territory as determined by the location of the security taken. The mortgage provides the investor with a power of sale over the property and with priority over subsequent registered and unregistered mortgages and any other non-secured creditors of the borrower.

**8. Movements in Investors' Funds**

|  | Dec 2018          | Dec 2017          |
|--|-------------------|-------------------|
|  | \$                | \$                |
| Interests in the Scheme at the beginning of the period | 15,354,605        | 15,325,117        |
| Interest issued during the period                      | 9,472,000         | 2,931,900         |
| Withdrawals from the Scheme during the period          | (5,590,247)       | (624,693)         |
| Allowance for impairment                               | -                 | -                 |
| Total investor capital at end of period                | <u>19,236,358</u> | <u>17,632,324</u> |

Interests in the Scheme held by the Responsible Entity or its associates as at 31st December 2018 was \$1,094,933

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**Directors' Declaration**

In the opinion of the directors of Millbrook Mortgage Management Ltd :

- the attached financial statements and notes thereto comply with the *Corporations Act 2001* , Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Scheme's financial position as at 31st December 2018 and its performance for the financial half-year ended on that date; and;
- there are reasonable grounds to believe that the Scheme will be able to pay its debts as an when they become due and payable.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to section 303(5) of the *Corporations Act 2001*.



Director : Robert Norman

Melbourne, 31 March 2019.

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Millbrook Mortgage Fund

### **Report on the Half-Year Financial Report for the period ended 31st December 2018**

#### **Conclusion**

I have reviewed the half-year financial report of Millbrook Mortgage Fund (the Scheme), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year then ended, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on my review, which is not an audit, I have not become aware of any matter that makes me believe that the half-year financial report of the Scheme is not in accordance with the *Corporations Act 2001* including:

- A. Giving a true and fair view of the Scheme's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- B. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

#### **Directors' responsibility for the Half-Year Financial Report**

The directors of the Responsible Entity (the directors) are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

My responsibility is to express a conclusion on the half-year financial report based on my review. I conducted my review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, I have become aware of any matter that makes me believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Scheme's financial position as at 31st December 2018 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Scheme, ASRE 2410 requires that I comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Millbrook Mortgage Fund

**Report on the Half-Year Financial Report for the period ended 31st December 2018 (continued)**

### **Independence**

In conducting my review, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Responsible Entity, would be in the same terms if given to the directors as at the time of this auditor's review report.

Roslyn Buzza  
Chartered Accountant

Seaford Victoria.      March 2019.