ColCap

ANNUAL REPORT 2023

ColCap Financial Limited
ACN 650 487 353

ColCap

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DIRECTORS' REPORT

Co-Founders and Executive Directors – Ilias Pavlopoulos (Chief Operating Officer) and Andrew Chepul (Chief Executive Officer)

The Directors of ColCap Financial Limited (the **"Company"**) submit herewith the annual financial report of the Company and its controlled entities (together the **"Group"**) for the financial year ended 31 December 2023. In order to comply with the provisions of the *Corporations Act 2001*, the Directors Report as follows:

Directors

The names of the Company's Directors in office during or since the end of the financial year were:

Jane Tongs	Non-Executive Director (Chairperson)
Leah Fricke	Non-Executive Director
John Chauvel	Non-Executive Director
Nicolas Phillips	Non-Executive Director
Andrew Chepul	Executive Director
Ilias Pavlopoulos	Executive Director

Directors were in office for this entire period unless otherwise stated.

Principal activities

The Group is a non-bank financial institution and is in the business of providing primarily mortgage loan products through wholesale, retail and broker distribution channels as well as portfolio management for numerous Residential Mortgage-Backed Securities (**"RMBS"**). Companies within the Group also provide products, services and infrastructure to facilitate the provision of mortgage loan products to potential borrowers. The Group predominantly operates in Australia, but also has nascent operations in the United Kingdom (**"UK"**).

The funding for the portfolio of mortgages is advanced from a blend of wholesale bank warehouse facilities, securitisation to wholesale investors and corporate funding.

Results and review of operations

The summary financial results and operations of the Group are as follows:

- Net profit after tax of $50.8 million for the financial year ended 31 December 2023 (2022: $57.4 million).
- Net asset value of $169.6 million at 31 December 2023 (2022: $161.5 million).
- Loan portfolio growth over the financial year to 31 December 2023 of 14% to $14.1 billion (2022: 30% to $12.4 billion).
- Loans settled over the financial year to 31 December 2023 decreased by 14% to $4.7 billion (2022: +24% to $5.5 billion).
- Loans >90 days in arrears amounted to 0.11% of the loan portfolio at 31 December 2023 (2022: 0.06%), with loans granted temporary relief from making repayments due to hardship circumstances (**"Hardship"**) an incremental 0.30% of the loan portfolio at 31 December 2023 (2022: 0.04%).

Dividends

A dividend of $17.2 million was paid in March 2023 and a dividend of $15.3 million was declared in February 2024 to be paid in March 2024.

Significant changes in state of affairs

On 28 February 2023 a Group company exercised its call option to acquire an 80% shareholding in Molo Tech Ltd (**"Molo"**) in the UK, an originator of residential mortgages in the UK, which was already a strategic alliance partner of the Group. The UK business whilst still nascent has continued to grow over the course of 2023, in particular as funding facilities were established and distribution strategies refined, with that growth including purchasing loans previously originated by Molo that had been funded by third parties.

In July 2023 UK funding entities utilised by UK subsidiaries of the Company purchased a portfolio of loans previously originated by Molo for £233 million including the value of related interest rate swaps and accrued interest. There was also an inter-group transaction whereby the same UK funding entities acquired the portfolio of loans previously funded on the Molo Balance Sheet.

During 2023 the Group continued to have a highly active funding program supporting the growth of the loan portfolio which is comprised of both privately sourced funding, primarily in the form of warehouse facilities, as well as RMBS issuance. The following RMBS transactions were executed during 2023:

- February 2023: Settled the new $1,000 million Triton Bond 2023-1 Series 1 and called Triton Bond Trust 2020 Series 2;
- March 2023: called Triton Trust No 8 - Bond Series 2019-2;
- June 2023: Settled the new $1,100 million Triton Bond 2023-2 Series 1 and Vermillion Trust 2023-1, and called Triton Trust No 8 - Bond Series 2018-1;
- October 2023: call Triton SMSF Bond Trust 2020 – Series 1; and
- December 2023: settled the new $800 million Triton Bond 2023-3P RMBS.

There have been no other significant changes to the state of affairs of the Company and Group other than as outlined in this report.

Significant events after the reporting period

The new $1.4 billion Triton Bond Trust 2024-1 settled on 22 February 2024.

A dividend of $15.3 million was declared in February 2024 to be paid in March 2024 (March 2023 dividend payment: $17.2 million).

There have been no other significant events occurring after the reporting period which may affect either the Group's operations or results of those operations or the Group's state of affairs.

Future developments

The Group continues to focus on profitable growth in the Australian and UK markets together with innovative product distribution and product design opportunities, as well as assessing potential acquisition and market expansion opportunities.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. The financial statements therefore continue to be prepared on a going concern basis.

The Group is reliant on non-recourse third-party funding to carry out its lending activities. The funding is secured against the assets of the applicable funding trusts. The Directors do not expect any technical tenures for the Group's warehouse funding facilities to affect the ability of the Group to operate as a going concern.

Environmental, Social and Governance Risks

Environmental, social and governance risks and the inherent strategic opportunities they afford when actioned have been actively considered.

Environmental risks are managed through Group initiatives focused on reducing waste and emissions associated with the corporate office, as well as taking environmental factors into account in Group procurement decisions. The Group also develops products for borrowers building or renovating properties to the highest environmental standards. The Group's operations are not subject to any significant environmental regulation under a law of the Commonwealth or of a state or territory nor of the UK.

Social risks are managed through employment policies and practices designed to support employees maintain an appropriate work life balance and participate in suitable community engagement activities and programs. The Group also develops products that can have a positive social impact such as through providing funding to acquire or construct specialist disability accommodation.

Governance risks include management's internal controls, risk management policies, frameworks and response plans. There has been increased focus on enhancing all of these over the course of this financial year with a particular focus on the risk management framework as well as information technology processes and controls including cyber security.

Share options

No options over issued shares or interests in the Group were granted during or since the end of the financial year and there were no options outstanding in the Company or any wholly owned subsidiary at the date of this report.

Indemnification and insurance of directors and officers

During the financial year, the Group paid a premium in respect of a contract of insurance for the Directors and executive officers of the Group. The contract of insurance prohibits disclosure of the nature of the risks insured and the premium paid.

Indemnification of auditor

To the extent permitted by law, the Group has agreed to indemnify its auditor, Ernst & Young (Australia), as part of the terms of its engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young (Australia) during or since the financial year.

Proceedings on behalf of the Group

There are no proceedings brought or intervened in, or applicants to bring or intervene in proceedings, on behalf of the Group by a member or other person entitled to do so as per the Corporations Act 2001.

Director's meetings

Meetings in 2023	**Board of Directors**		**Audit Committee**		**Risk Committee**		**People and Culture Committee**	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Jane Tongs (Non-Executive)	6*	6*	4	4	4	4	4	4
John Chauvel (Non-Executive)	6	6	4*	4*	4	4	4	4
Leah Fricke (Non-Executive)	6	6	4	4	4*	4*	4	4
Nicolas Phillips (Non-Executive)	6	6	4	4	4	4	4*	4*
Andrew Chepul (Executive)	6	6	4	4	4	4	4	4
Ilias Pavlopoulos (Executive)	6	6	4	4	4	4	4	4

** Chair of the committee.*

The Company Secretary is Johanna O'Shea, a qualified lawyer with more than 20 years of experience as a counsel and company secretary who was appointed in May 2021.

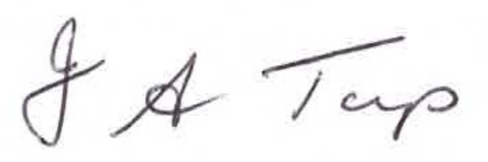
Rounding

The amounts contained in the financial report are presented in Australian dollars and have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($000) under the option available to the Company under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

Auditor's independence

The Directors have obtained an independence declaration from the Company's auditor, Ernst & Young (Australia), a copy of which is attached to this report and forms part of the Directors' Report for the year ended 31 December 2023.

Signed in accordance with a resolution of the Board of Directors.



Jane Tongs
Chairperson
27 February 2024

Building a better working world

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Auditor's Independence Declaration to the Directors of ColCap Financial Limited

As lead auditor for the audit of the financial report of ColCap Financial Limited for the financial year ended 31 December 2023, I declare 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;

b) no contraventions of any applicable code of professional conduct in relation to the audit; and

c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of ColCap Financial Limited and the entities it controlled during the financial year.

Ernst & Young

Michael Byrne
Partner
27 February 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

		Group	
	Notes	**2023**	**2022**
		$000	**$000**
Interest and similar income	**4.1**	866,269	466,122
Interest and similar expenses	**4.2**	(773,942)	(350,560)
Net interest income/(expense)		**92,327**	**115,562**
Net gain/(loss) on financial instruments designated at fair value through profit or loss/hedge ineffectiveness		315	296
Other operating income	**4.3**	52,238	20,246
Net operating income		**144,880**	**136,104**
Employee expenses	**4.4**	(30,407)	(21,312)
Depreciation and amortisation expenses of non-financial assets		(2,355)	(2,317)
Impairment expense		(2,092)	(1,687)
Other operating expenses	**4.5**	(36,517)	(29,000)
Total operating expenses		**(71,371)**	**(54,316)**
Profit before tax		**73,509**	**81,788**
Income taxes	**5**	(22,670)	(24,379)
Net profit after tax		**50,839**	**57,409**
Other comprehensive income for the period			
Net (loss)/gain on cash flow hedge reserve		(31,022)	6,841
Currency translation gain/(loss)		(1,144)	(4)
Total comprehensive income for the period, net of tax		**18,673**	**64,246**
Total comprehensive income attributable to:			
Non-controlling interests		(822)	-
Equity holders of the parent		19,495	64,246
		18,673	**64,246**

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

STATEMENT OF FINANCIAL POSITION
at 31 December 2023

	Notes	Group 2023 $000	Group 2022 $000
Assets			
Cash and cash equivalents	6	734,244	504,852
Trade and other receivables		23,774	9,559
Mortgage assets	7	14,304,649	12,626,945
Derivative assets		35,636	12,662
Other assets	8	4,367	17,616
Property, equipment and right-of-use assets	9	2,426	3,701
Deferred tax assets	5	15,401	-
Intangible assets	10	12,838	6,878
Total assets		**15,133,335**	**13,182,213**
Liabilities			
Trade and other payables		29,873	14,971
Income tax payable		16,500	14,903
Borrowings	11	14,707,264	12,780,133
Derivative liabilities		7,114	-
Other financial liabilities	12	191,550	197,439
Employee benefit liabilities		1,943	1,758
Deferred tax liabilities	5	9,511	11,529
Total liabilities		**14,963,755**	**13,020,733**
Net assets		**169,580**	**161,480**
Equity			
Share capital	13a	3,457	3,457
Retained earnings		183,649	149,188
Cash flow hedge reserve		(22,099)	8,923
Currency translation		(1,232)	(88)
Non-controlling interests	21	5,805	-
Total equity		**169,580**	**161,480**

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

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

	Notes	Issued capital $000	Retained earnings $000	Cash flow hedge reserve $000	Currency translation $000	Non-controlling interests $000	Total $000
Group							
Balance at 1 January 2022		**3,457**	**105,779**	**2,082**	**(84)**	**-**	**111,234**
Net profit after tax		-	57,409	-	-	-	57,409
Total comprehensive income for the period		-	-	6,841	(4)	-	6,837
Dividends paid		-	(14,000)	-	-	-	(14,000)
Balance at 31 December 2022	13	**3,457**	**149,188**	**8,923**	**(88)**	**-**	**161,480**
Balance at 1 January 2023		**3,457**	**149,188**	**8,923**	**(88)**	**-**	**161,480**
Acquisition of a subsidiary		-	-	-	-	6,470	6,470
Net profit after tax		-	51,661	-	-	(822)	50,839
Employee share scheme		-	-	-	-	(308)	(308)
Total comprehensive income for the period		-	-	(31,022)	(1,144)	465	(31,701)
Dividends paid		-	(17,200)	-	-	-	(17,200)
Balance at 31 December 2023	13	**3,457**	**183,649**	**(22,099)**	**(1,232)**	**5,805**	**169,580**

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

STATEMENT OF CASH FLOWS
for the year ended 31 December 2023

	Notes	Group	
		2023	2022
		$000	$000
Operating activities			
Interest received or receipts		888,507	483,310
Interest and other costs of finance paid		(750,056)	(318,639)
Bank interest received		17,941	5,237
Fees and other receipts		46,554	17,530
Operating expenses paid		(98,019)	(78,635)
Income tax payments		(22,362)	(23,537)
Interest on lease		(219)	(323)
Net cash generated by operating activities	**6**	**82,346**	**84,943**
Investing activities			
Mortgage assets			
- Settlements, redraws and purchases		(6,245,002)	(6,295,696)
- Repayment of principal		4,578,058	3,431,507
- Deferred income and expenses		(30,332)	(37,456)
Purchase of fixed assets and intangibles		(670)	(325)
Investments in financial assets		11,833	(16,950)
Deferred consideration for previous acquisitions		(1,985)	-
Acquisition of a subsidiary, net of cash acquired		(14,519)	-
Net cash used in investing activities		**(1,702,617)**	**(2,918,920)**
Cash flows from financing activities			
Trust establishment costs		(12,369)	(9,563)
Proceeds from trust borrowings			
- Issuance/drawdowns		8,496,982	9,200,614
- Repayment		(6,616,015)	(6,606,443)
Net proceeds from corporate borrowings		-	93,189
UK Government advance		(6)	-
Dividends paid		(17,200)	(14,000)
Payment of lease liability		(1,729)	(1,576)
Net cash provided by financing activities		**1,849,663**	**2,662,221**
Net increase/(decrease) in cash and cash equivalents		**229,392**	**(171,756)**
Cash and cash equivalents at the beginning of the financial year		504,852	676,608
Cash and cash equivalents at the end of the financial year	**6**	**734,244**	**504,852**

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2023

1. Corporate information

This annual financial report for the year ended 31 December 2023 was authorised for issue in accordance with a resolution of the Directors on 27 February 2024.

The Company is a for-profit public unlisted company limited by shares incorporated in Australia. The registered office and principal place of business of the Company is Level 12, 77 Castlereagh Street, Sydney, NSW 2000 Australia.

Columbus Capital Pty Limited (**"CCPL"**), a subsidiary of the Company, holds an Australian Financial Services Licence and Australian Credit Licence (no. 337303), and Molo, which is also a subsidiary of the Company, is regulated by the UK's Financial Conduct Authority (**"FCA"**). Molo's ultimate parent in the UK is ColCap Financial Overseas Holdings Limited, a wholly owned subsidiary of the Company.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Basis of preparation and summary of significant accounting policies

2.1 Basis of preparation

This financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards (**"AAS"**) and other authoritative pronouncements of the Australian Accounting Standards Board (**"AASB"**).

This financial report has been prepared on a historical cost basis, except for the revaluation of certain assets and financial instruments which have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

Assets and liabilities have been presented on the face of the statement of financial position in decreasing order of liquidity and do not distinguish between current and non-current items.

This financial report is presented in Australian dollars (**$**) and all values are rounded to the nearest thousand dollars ($000), as allowed by ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 unless otherwise stated.

ASIC Class Order 10/654 has been applied, and as such both the Company and Group financial statements are presented in this financial report.

This financial report also complies with International Financial Reporting Standards (**"IFRS"**) as issued by the International Accounting Standards Board.

Prior period comparative information has been reclassified where necessary to achieve consistency in disclosure with current period amounts and disclosures.

Market volatility

Whilst careful consideration has been given to assumptions and estimations in preparing this annual financial report, there is currently an elevated level of estimation uncertainty associated with heightened local and global economic as well as political uncertainty and instability. This could have a significant impact on the Group going forward, particularly as it relates to trends in and the implications of increasing interest rates and unemployment rates, declining house prices, and the availability as well as cost of funding.

2.2 Accounting policies
New and amended standards and interpretations

Amendments to AASB 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

The amendments specify the requirements for classifying liabilities as current or non-current, and clarify:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendments have not had a material impact on the Company or Group.

Amendments to AASB 101: Presentation of Financial Statements and IFRS Practice Statement 2 Disclosure of Accounting Policies

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted. The amendments have not had a material impact on the Company or Group.

Amendments to AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

The amendments introduce a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments have not had a material impact on the Company or Group.

Amendments to AASB 112: Deferred Tax related to assets and liabilities arising from a single transaction

Deferred taxes representing amounts of income tax payable or recoverable in the future must be recognised unless specifically prohibited. The initial recognition exemption, applies when a transaction affects neither accounting profit nor taxable profit, and is not a business combination. The amendments clarify that the initial recognition exemption would not apply,

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The amendments have not had a material impact on the Company or Group.

2.3 Basis of consolidation

The Group's financial statements have been prepared by consolidating the financial statements of all entities that comprise the Group, being the Company (the ultimate parent) and its controlled entities which include the warehouse and RMBS trusts (collectively the **"Trusts"**), as defined by accounting standard AASB 10 *Consolidated Financial Statements*.

Consistent accounting policies have been employed in the preparation and presentation of the financial statements. All intercompany balances and transactions between entities in the economic entity including any unrealised profits and losses have been eliminated in consolidation.

2.4 Summary of significant accounting policies

(a) Interest and other income

Mortgage interest income earned on the loan portfolio is recognised on an accrual basis.

Upfront fees and commissions charged to customers are included in the amortised cost of the mortgage assets to the extent that they are incremental to the origination of the financial asset. These upfront fees and commissions are therefore recognised on a time proportionate basis that takes into account the effective life of the mortgage asset at a Group level under the effective interest rate (**"EIR"**) method.

The EIR method is a method of calculating the amortised cost of a mortgage asset and of allocating interest income over the relevant period. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the mortgage asset or, where appropriate, a shorter period.

Where fee and commission income are not incremental to the origination of a financial asset the fee and commission income is recognised upon satisfaction of the relevant service.

Bank interest is recognised on an accrual basis.

(b) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree, the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 9 in the statement of profit or loss and other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

(c) Interest and other expenses

The interest expense on borrowings is recognised under the EIR method (refer to Note 2.4(m) for further details).

Where fee and commission expenses are incremental and directly attributable to the origination of the financial liability they are accounted for under the EIR method (refer to Note 2.4(m) for further details).

Where fee and commission expenses are not incremental and directly attributable to the origination of a financial liability they are recognised as incurred.

Operating expenses are recognised as incurred.

(d) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group elected as a policy choice permitted under AASB 9 to continue to apply hedge accounting in accordance with AASB 139. For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment. Hedges that meet all the qualifying criteria for hedge accounting are accounted for as described below.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income (**"OCI"**) in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss and other comprehensive income as a gain or loss on financial instruments designated at fair value through profit or loss.

The amounts accumulated in OCI are accounted for depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation once the hedged cash flow occurs any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

(e) Income tax

The Company and its wholly owned subsidiaries in Australia are taxed as a single tax-consolidated group in Australia under the Company as the head entity of the tax-consolidated group. The Company and the other companies within the tax-consolidated group have entered into a tax funding arrangement which results in the Company recovering through intercompany balances the tax implications of the other companies within the tax-consolidated group.

The Group has a registered Branch in the Philippines and subsidiaries in the UK. These are subject to tax separately from the Group as applicable in those jurisdictions.

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by reporting date.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity, or different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of profit or loss and other comprehensive income except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination in which case it is taken into account in the determination of goodwill or excess.

Goods and services tax (“GST”) and value added tax (“VAT”)

Revenues, expenses and assets are recognised net of the amount of GST or VAT as applicable in the relevant country, except:

- where the amount of GST or VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST or VAT.

The net amount of GST or VAT recoverable from or payable to the taxation authority is included as part of receivables or payables.

The GST or VAT component of cash flows arising from investing and financing activities which is recoverable from or payable to the taxation authority is classified as operating cash flows.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and term deposits that have a maturity of three months or less. Cash and cash equivalents are measured at fair value, being the principal amount. Cash held by the trustee is controlled by the trustee and is not available for the Group’s use.

Term deposits with a maturity greater than three months are classified as other assets.

Where cash deposits are held as guarantees, transactions may require co-signing by financiers.

Refer to Note 6 for further details.

(g) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost (refer to Note 2.4(h) for further details).

(h) Mortgage and financial assets

Mortgage assets

Loans are financial assets for which the contractual cash flows are solely repayments of principal and interest and that are held in a business model with the objective of collecting contractual cash flows. Loans include loan assets, premiums, discounts, and accrued interest. Loans are initially recognised at fair value including direct and incremental transaction costs relating to loan. Mortgage assets, which include loans as well as the associated deferred income and expenses as well as future trail commission asset, are subsequently measured at amortised cost using the EIR method less impairment. The amounts required to bring the allowance for impairment to their assessed levels is recognised in the statement of profit or loss and other comprehensive income each reporting period. Interest is recognised by applying the EIR methodology.

Financial assets

Classification and measurement

Except for certain trade receivables, under AASB 9 the Group initially measures a financial asset at its fair value, plus transaction costs in the case of a financial asset not at fair value through profit or loss. Under AASB 9, debt financial instruments are subsequently measured at fair value through profit or loss (**"FVPL"**), amortised cost, or fair value through other comprehensive income (**"FVOCI"**). The classification is based on two criteria namely the Group's business model for managing the assets and whether the contractual cash flows are "solely payments of principal and interest on the principal amount outstanding" (the **"SPPI"** criterion).

The classification and measurement of the Group's debt financial assets including mortgage assets is as follows:

- Debt instruments are measured at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's mortgage assets, related party loans and trade and other receivables.

Other financial assets are classified and subsequently measured as follows:

- Financial assets at FVPL comprise derivative instruments and debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows or to both collect contractual cash flows and sell; and
- Term deposits at amortised cost.

Fair values of financial assets

The Group measures financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset is measured using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of financial assets

The Group records an allowance in its Expected Credit Loss (**"ECL"**) model for all loans and other debt financial assets not held at FVPL which are assessed at each reporting date under the forward-looking ECL approach. This approach takes into account actual or potential changes in borrower's circumstances that may emerge over time.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The loan portfolio is split into three categories to determine the amount of impairment recognised in the ECL at each reporting date. The categories are performing (**"Stage 1"**), underperforming(**"Stage 2"**) and non-performing (**"Stage 3"**) loans.

Stage 1 loans are assumed to have not experienced any credit deterioration since initial recognition. Their credit risk is low and the assets are recognised on potential losses within the next 12 months from the reporting date.

Stage 2 loans are assumed to be loans greater than 30 days in arrears, or loans that are current but have had previous credit issues, or there is information to suggest they are in difficulty. These are assessed under a lifetime expected loss on the asset. These are moderate to high credit risk assets.

Stage 3 loans are loans where there is an expected loss or where there is a requirement for a specific provision. There is strong evidence of impairment and the credit risk is very high. A lifetime ECL is recognised.

The ECL modelling takes into account how the portfolio may evolve through the stage 1, 2 and 3 arrears categories over time with management overlays that accelerate the transition between stages in some cases, and factors in amongst others:

- the probability of default, which represents the possibility of a loan defaulting over its remaining lifetime; and
- the loss given default, which is the expected loss if a default occurs and is influenced by historically observed instances of loss given default, and impacted by the realisable value of the security, the recovery under a lenders mortgage insurance policy if in place, and any other applicable mitigating factors.

For trade receivables, the Group applies a simplified approach in calculating ECL. The Group does therefore not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(i) Property, equipment and right-of-use assets

Property and equipment

Property and equipment is stated at cost (excluding the costs of day–to–day servicing) less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Depreciation of owned assets is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Computer equipment	3 - 5 years
Office equipment and furniture	3 - 5 years
Office fittings	Life of lease
Vehicles	3 – 8 years

An item of property and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is de-recognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively if appropriate.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its office leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below $5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(j) Intangible assets

Brand names

Brand names acquired in a business combination (e.g. Homestar) are recognised at cost. Brand names are subsequently not amortised but tested for impairment at least annually or whenever there is an indication of impairment.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised by the Group for the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment. For the purpose of impairment testing, goodwill acquired in a business combination is from the acquisition date allocated to each of the Group's cash-generating units (**"CGU"**) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Goodwill is subsequently not amortised but tested for impairment at least annually or whenever there is an indication of impairment.

Software

Software costs include certain internal and external costs directly incurred in acquiring and developing software. Software is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over its estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes being recognised as a change in accounting estimate.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the right to access the cloud provider's application software over the contract period. As such, the Group does not receive a software intangible asset at the contract commencement date.

Where costs incurred to configure or customise SaaS arrangements result in the creation of a resource which is identifiable, and where the Group has the power to obtain future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. The amortisation is reviewed at the end of each annual reporting period, with any changes being recognised as a change in accounting estimate.

Where costs incurred to configure or customise do not result in the recognition of an intangible software asset, then those costs that provide the Group with a distinct service (in addition to the SaaS access) are recognised as expenses when the supplier provides the services. When such costs incurred do not provide a distinct service, the costs are recognised as expenses over the duration of the SaaS contract.

Intellectual property and other intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

Amortisation

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method as appropriate which is a change in accounting estimate.

The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

The following estimated useful lives are used in the calculation of amortisation:

Software	3 - 7 years
Intellectual property and other intangibles	5 years - indefinite life

(k) Impairment of non-financial assets

At each reporting date the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. The recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(l) Trade and other payables

Trade payables and other payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

(m) Borrowings and other financial liabilities

Financial liabilities are initially recognised at fair value net of directly attributable incremental transaction costs including rating agency, legal, professional fees, and other establishment costs. After initial recognition financial liabilities are subsequently measured at amortised cost. Any difference between the proceeds net of transaction costs and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the life of the financial liability using the EIR method.

Future trail commission liability

Future trail commission liability is initially measured at fair value net of transaction costs and subsequently at amortised cost using the EIR method with interest expense recognised on an effective yield basis.

The amount of trail commission payable to originators is determined using the discounted cash flow (**"DCF"**) valuation technique. These calculations require the use of assumptions, with the key assumptions being the prepayment rate and discount rate.

To the extent that trail commission arrangements are renegotiated resulting in a reduced or increased trail commission liability, such gain or loss is recognised in the statement of profit or loss and other comprehensive income.

At a Group level upfront and trail commissions are included in the amortised cost of the mortgage assets and recognised under the EIR method (refer to Note 2.4(h) and 2.4(a) for further details respectively).

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(o) Employee benefit liabilities

Liabilities for wages and salaries, including non-monetary benefits and annual leave, are recognised in respect of employees' services up to the reporting date. They are measured at the present value of expected future payments when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid.

The long service leave liability is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Provision is made for the full length of service, after an employee completes five years of service, and are measured at the current wage rates.

(p) Investments in controlled entities

Investments in controlled entities are measured at cost less any assessed impairment loss.

(q) Equity accounted investments

Equity accounted investments are initially measured at cost, and the carrying amount is subsequently increased or decreased to recognise the share of profit or loss of the investee after the date equity accounting commenced, less any assessed impairment loss.

(r) Issued capital

Issued capital in respect of ordinary shares is recognised as the fair value of consideration received.

(s) Foreign currency translation

The consolidated financial statements are presented in Australian dollars ($). For each entity in the Group, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation.

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All foreign exchange differences arising on non-trading activities are taken to other operating income or expense in the statement of profit or loss and other comprehensive income, with the exception of the effective portion of the differences on foreign currency borrowings that are accounted for as an effective hedge against a net investment in a foreign entity. These differences are recognised in OCI until the disposal of the net investment, at which time they are recognised in the statement of profit or loss and other comprehensive income. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates at the date of recognition.

On consolidation, the assets and liabilities in foreign operations are translated into Australian dollars at the spot rate of exchange prevailing at the reporting date and their statements of profit or loss and other comprehensive income are translated at spot exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI.

3. Significant accounting judgements, estimates and assumptions

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates and assumptions

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period 31 December 2023 that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period:

Impairment of financial assets – mortgage assets

The Group has applied AASB 9 using its forward looking ECL model for all mortgage assets and other debt financial instruments not held at FVPL. The Group's mortgage asset provisioning is based on its substantial data on the loan portfolio and considers economic conditions and the outlook in its assessment. Consideration is in particular given to the current level of and trends in the Reserve Bank of Australia's Official Cash Rate (**"Cash Rate"**), the Australian unemployment rate, house prices, loans in arrears and Hardship as well as loss given default expectations.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's financial assets is disclosed in Note 7.

Purchase price allocation

The price paid is allocated firstly against the tangible assets and then the identifiable intangible assets. Third party valuation multiples have been used to provide substance to the valuation of the brand, with any remaining allocation applied to goodwill.

Future trail commission

The amount of trail commission expected to be received from the Trusts and to be payable to originators is determined by using the DCF valuation technique. The trail commission expected to be received by CCPL from the Trusts over time for loans that have already been settled is recorded as a receivable, and the trail commission that would then be payable by CCPL to the originators out of that received is recorded as a payable, with the net of the two amounts being that expected to be earned by CCPL. These calculations require the use of assumptions (refer to Note 24). Where there has been a contractual reduction in the future commission payable, the value of that reduction is measured using DCF techniques. The resulting value is applied against the existing future trailing commission payable and taken to profit and loss.

Amortised cost and application of the EIR

Management have reviewed all amounts recognised at amortised cost and determined that all amounts are recognised appropriately under the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. These calculations require the use of assumptions. The key assumptions underlying the amortised cost calculation are the prepayment rate and the estimate of future cash flows.

Taxation

Provisions for taxation require significant judgement with respect to outcomes that are uncertain. The Group has estimated its tax provisions based on expected outcomes. Deferred tax assets are recognised for deductible temporary differences and losses carried forward, as management considers that it is probable that future taxable profits will be available to utilise those deferred tax assets. Management does not recognise deferred tax assets where utilisation is not considered probable.

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

4. Revenue and expenses

4.1 Interest and similar income

	Group	
	2023 $000	2022 $000
Mortgage interest income	848,135	460,680
Bank and other interest	18,134	5,442
	866,269	**466,122**

4.2 Interest and similar expense

	Group	
	2023 $000	2022 $000
Interest on borrowings	794,024	352,828
Swap expense	(20,082)	(2,268)
	773,942	**350,560**

4.3 Other operating income

	Group	
	2023 $000	2022 $000
Fees charged for services	51,164	20,096
Other	1,074	150
	52,238	**20,246**

4.4 Employee expenses

	Group	
	2023 $000	2022 $000
Salaries and wages	25,685	17,800
Superannuation	1,900	1,324
Leave provision	115	238
Other employee expenses	2,707	1,950
	30,407	**21,312**

The number of full-time equivalent employees employed by the Group at 31 December 2023 was 321 (2022: 258).

4.5 Other operating expenses

	Group	
	2023	2022
	$000	$000
Trust related expenses	16,126	10,938
Marketing and sponsorship	3,692	5,650
Professional fees	2,250	3,234
Computer support and licensing	8,064	4,220
Business insurance	992	965
Communication expenses	597	636
Other operating expenses	4,796	3,357
	36,517	**29,000**

5. Income tax

The tax rate used in the reconciliation is the corporate tax rate payable in each jurisdiction by corporate entities on taxable profits under the applicable tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

	Group	
	2023	2022
	$000	$000
Current income tax charge	21,832	25,454
Adjustments in respect of current tax of previous years*	-	(211)
Origination and reversal of temporary differences	838	(864)
Income tax expense reported in the statement of profit or loss and other comprehensive income	**22,670**	**24,379**

** Impacted by the amended tax treatment of certain expenses in previous years.*

The prima facie income tax debit/(credit) on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	Group	
	2023	2022
	$000	$000
Profit from operations	73,509	81,788
At Australia's statutory income tax rate of 30% (2022: 30%)	22,052	24,535
Effect of different tax rates of operations in foreign jurisdictions	530	-
Non-deductible expenses for tax purposes	30	13
Non-assessable income for tax purposes	-	42
Other tax adjustments	58	(211)
Income tax expense; effective tax rate of 31% (2022: 30%)	**22,670**	**24,379**

Deferred tax

The following table shows deferred tax recorded in the statement of financial position and changes recorded in the income tax expense:

	2023			2022		
	Deferred tax assets*	**Deferred tax liabilities***	**Net***	**Deferred tax assets**	**Deferred tax liabilities**	**Net**
Group	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Provisions	1,935	-	1,935	2,460	(2)	2,458
Employee benefits	590	-	590	527	-	527
Property, equipment and right-of-use assets	-	(584)	(584)	-	(542)	(542)
Lease contract	515	(416)	99	1,033	(832)	201
Derivative financial Instruments**	43	(673)	(630)	21	(4,029)	(4,008)
Capitalised costs	944	(7,912)	(6,968)	216	(6,643)	(6,427)
Trail commission	-	(2,489)	(2,489)	-	(3,060)	(3,060)
Other temporary differences	45	(1,510)	(1,465)	1,019	(1,697)	(678)
Carried forward losses (UK)	12,752	-	12,752	-	-	-
Current year losses (UK)	2,650	-	2,650	-	-	-
	19,474	**(13,584)**	**5,890**	**5,276**	**(16,805)**	**(11,529)**

** The columns in the table reflect the gross amounts applicable across jurisdictions. The Balance Sheet reflects the aggregated by jurisdiction net amount of deffered tax asset of liability.*

*** Includes $0.7 million deferred tax asset (2022: $3.0 million deferred tax liability) relating to cash flow hedging recognised through equity.*

6. Cash and cash equivalents

	Group	
	2023	**2022**
	$000	**$000**
Cash and cash at banks	149,090	61,546
Cash held by trustee*	491,450	363,940
Cash held by trustee – collateral/reserves*	93,704	79,366
	734,244	**504,852**

** Cash held by trustee represents a resource available to support the noteholders of the Trusts and is not available to the shareholders of the Group.*

At 31 December 2023 the Group had available $2.7 billion (2022: $1.8 billion) of undrawn borrowing facilities.

Reconciliation of the net profit after tax to net cash flows from operations:

	Group	
	2023	2022
	$000	$000
Net profit after tax	**50,839**	**57,409**
Adjustments to reconcile profit after tax to net cash flows:		
Depreciation and amortisation of non-financial assets	2,370	2,378
Other amortisation expenses	32,842	20,782
Impairment/bad debts	2,092	1,687
Interest received from investing activities	-	(109)
Unrealised revaluation of swaps	-	(296)
Other non-cash movements	(221)	602
Changes in assets and in liabilities:		
(Increase)/decrease in trade and other receivables and accrued mortgage interest	(18,681)	(22,311)
Decrease/(increase) in other assets	(5,785)	27
Increase in trade and other payables	6,329	708
Increase in income tax payable	1,775	1,896
Increase in employee benefit liabilities	121	240
Increase in borrowings and other financial liabilities	13,377	22,905
Decrease in net deferred tax (assets)/liabilities	(2,712)	(975)
Net cash generated by operating activities	**82,346**	**84,943**

Changes in liabilities arising from financing activities.

	2023		2022	
	Note-holders	Corporate debt	Note-holders	Corporate debt
Group	$000	$000	$000	$000
Opening balance	**12,663,071**	**140,000**	**10,046,194**	**43,000**
Cash flow items:				
Issuances/drawn	8,496,982	-	9,200,614	140,000
Repayment	(6,616,015)	-	(6,606,443)	(43,000)
Notes in subsidiary at acquisition	42,470			
Non-cashflow items				
Movement in accrued interest	13,377	-	22,706	-
Ending balance	**14,599,885**	**140,000**	**12,663,071**	**140,000**

Financing facilities

The Group has no overdraft facilities.

The Group expects to meet its obligations from operating cash flows and the proceeds of maturing financial assets.

7. Mortgage assets

	Group	
	2023	**2022**
	$000	**$000**
Loan portfolio	14,083,637	12,361,281
Deferred (income)/expenses*	32,022	68,849
Future trail commission asset**	195,185	201,527
Mortgages	**14,310,844**	**12,631,657**
Less: Allowance for impairment	(6,195)	(4,712)
	14,304,649	**12,626,945**

** In 2023 loan portfolio fair value adjustments associated with the Molo acquisition and the purchase of a portfolio of loans resulted in an increase of $46.3 million to deferred income at the balance sheet date.*

*** Future trail commission asset has a corresponding future trail commission liability of $186.9 million (2022: $191.3 million) included within other financial liabilities (see Note 12), the net Group trail commission asset being $8.3 million (2022: $10.2 million).*

A reconciliation of the allowance for impairment of the loan portfolio is as follows:

	Group	
	2023	**2022**
	$000	**$000**
Balance at beginning of year	4,712	3,128
Bad debts written-off	(320)	(245)
Impairment allowance/(reversal)	1,803	1,829
Balance at end of year	**6,195**	**4,712**
Individually assessed impairment	1,793	447
Collective impairment	4,402	4,265
	6,195	**4,712**

Changes in the gross carrying value of mortgages are as follows:

Group	Stage 1 $000	Stage 2* $000	Stage 3 $000	Total $000
At 1 January 2022	**9,560,624**	**105,003**	**6,540**	**9,672,167**
New assets originated or purchased	5,554,572	3,170	-	5,557,742
Assets derecognised or repaid	(2,592,786)	(2,020)	(3,446)	(2,598,251)
Transfers to Stage 1	5,003	(4,213)	(790)	-
Transfers to Stage 2	(36,185)	37,098	(913)	-
Transfers to Stage 3	(3,669)	(2,501)	6,170	-
At 31 December 2022	**12,487,559**	**136,536**	**7,561**	**12,631,657**
New assets originated or purchased	5,198,966	1,386	1,083	5,201,435
Assets derecognised or repaid	(3,509,521)	(6,009)	(6,717)	(3,522,247)
Transfers to Stage 1	4,285	(3,999)	(286)	-
Transfers to Stage 2	(32,425)	32,730	(305)	-
Transfers to Stage 3	(10,983)	(1,343)	12,328	-
At 31 December 2023	**14,137,881**	**159,300**	**13,663**	**14,310,844**

** As part of the Group's ECL modelling there is an overlay allocation of mortgage assets from Stage 1 into Stage 2 as a methodology to assess the potential impact on probability of default.*

Changes in the corresponding ECL allowances in relation to mortgages are as follows:

Group	Stage 1 $000	Stage 2 $000	Stage 3 $000	Total $000
As at 1 January 2022	**1,739**	**939**	**450**	**3,128**
New and increased provisions (net of releases)	1,734	159	-	1,893
Assets derecognised or repaid	(596)	(20)	(419)	(1,035)
Transfers to Stage 1	1	(43)	(101)	(143)
Transfers to Stage 2	(8)	377	(47)	322
Transfers to Stage 3	(1)	(25)	573	547
As at 31 December 2022	**2,869**	**1,387**	**456**	**4,712**
New and increased provisions (net of releases)	592	(127)	1,084	1,548
Assets derecognised or repaid	(708)	(55)	(587)	(1,350)
Transfers to Stage 1	1	(37)	(148)	(184)
Transfers to Stage 2	(7)	302	(29)	266
Transfers to Stage 3	(2)	(12)	1,217	1,203
As at 31 December 2023	**2,745**	**1,457**	**1,993**	**6,195**

8. Other assets

	Group	
	2023	2022
	$000	$000
Term deposit (>3 months)	838	812
Swap deposits/collateral	1,000	-
Deferred expenses - corporate	198	119
Financial assets at FVPL*	335	14,092
Equity accounted investments	1,996	2,593
	4,367	**17,616**

** Includes Nil (2022: $13.8 million) advanced to Molo as senior and subordinated loans in which a Group company had a call option to acquire a controlling shareholding. The call option was exercised in February 2023.*

9. Property, equipment and right-of-use assets

Group	Computer equipment $000	Office furniture and fittings $000	Vehicles $000	Right-of-use assets $000	Total $000
Cost or valuation					
1 January 2022	**896**	**1,116**	**237**	**7,931**	**10,180**
Additions	281	1	-	-	282
Disposals	(67)	-	-	-	(67)
Exchange adjustments	(64)	28	-	(45)	(81)
31 December 2022	**1,046**	**1,145**	**237**	**7,886**	**10,314**
Additions	149	4	495	191	839
Disposals	(8)	-	-	-	(8)
Exchange adjustments	3	6	-	35	44
31 December 2023	**1,190**	**1,155**	**732**	**8,112**	**11,189**
Depreciation and impairment					
1 January 2022	**443**	**569**	**88**	**3,546**	**4,646**
Depreciation charge for the year	174	218	30	1,593	2,015
Disposals	(59)	-	-	-	(59)
Exchange adjustments	50	(13)	-	(26)	11
31 December 2022	**608**	**774**	**118**	**5,113**	**6,613**
Depreciation charge for the year	230	218	87	1,583	2,118
Disposals	(11)	-	-	-	(11)
Exchange adjustments	12	1	-	30	43
31 December 2023	**839**	**993**	**205**	**6,726**	**8,763**
Net book value					
31 December 2022	438	371	119	2,773	3,701
31 December 2023	351	162	527	1,386	2,426

Set out below are the carrying amounts of lease liabilities (included under Borrowings in Note 11) and the movements during the period:

	Group	
	2023	2022
	$000	$000
At 1 January	3,445	5,021
Additions	-	-
Accretion of interest	205	323
Payments	(1,934)	(1,899)
At 31 December	**1,716**	**3,445**

10. Intangible assets

Group	Brand $000	Goodwill $000	Software $000	Other $000	Total $000
Cost or valuation					
1 January 2022	**854**	**5,655**	**859**	**96**	**7,464**
Additions	-	-	59	-	59
	-	-	-	(42)	(42)
31 December 2022	**854**	**5,655**	**918**	**54**	**7,481**
Additions	-	6,114	21	-	6,135
Disposal	-	-	-	(54)	(54)
31 December 2023	**854**	**11,769**	**939**	**-**	**13,562**
Amortisation and impairment					
1 January 2022	**-**	**-**	**348**	**63**	**411**
Amortisation	-	-	206	28	234
Disposal	-	-	-	(42)	(42)
31 December 2022	**-**	**-**	**554**	**49**	**603**
Amortisation	-	-	170	5	175
Disposal	-	-	-	(54)	(54)
31 December 2023	**-**	**-**	**724**	**-**	**724**
Net book value					
31 December 2022	854	5,655	364	5	6,878
31 December 2023	854	11,769	215	-	12,838

Intangible assets include brand and goodwill acquired through the Homestar Finance Pty Limited (**"Homestar"**) business combination, as well as goodwill acquired through the Granite Home Loans Pty Limited (**"Granite")** and Molo acquisitions.

The brand has been reflected as having an indefinite useful life.

There has not been a diminution in forecast cash flows from the applicable cash generating unit and consequently no impairment has been recognised.

11. Borrowings

	Group	
	2023	2022
	$000	$000
RMBS	8,528,047	8,404,299
Warehouses and other	6,028,463	4,228,774
Accrued interest expense	43,375	29,998
Noteholders	**14,599,885**	**12,663,071**
Corporate debt	140,000	140,000
UK government advance	27	-
Deferred expenses	(34,364)	(26,383)
Lease liabilities	1,716	3,445
	14,707,264	**12,780,133**

A reconciliation of the carrying amounts of RMBS is set out below:

	Group	
	2023	2022
	$000	$000
Triton Trust No. 8 – Bond Series 2018-1	-	197,881
Triton Trust No. 8 – Bond Series 2019-2	-	273,961
Triton Trust No. 8 – Bond Series 2019-3	306,977	441,746
Triton Bond Trust 2020 – Series 1	324,284	456,958
Triton Bond Trust 2020 – Series 2	-	267,852
Triton Bond Trust 2021-1 – Series 1	632,645	911,456
Triton Bond Trust 2021-2 – Series 1	800,418	1,097,787
Triton Bond Trust 2022-1 – Series 1	958,740	1,275,312
Triton Bond Trust 2022-2 – Series 1	721,885	964,855
Triton Bond Trust 2022-3 – Series 1	732,574	1,029,589
Triton Bond Trust 2022-4 – Series 1	486,467	550,000
Triton Bond Trust 2023-1 – Series 1	808,513	-
Triton Bond Trust 2023-2 – Series 1	997,432	-
Triton Bond Trust 2023-3P	800,000	-
Triton SMSF Bond Trust 2020 – Series 1	-	317,132
Vermilion Bond Trust 2020 Series 1	227,770	292,413
Vermilion Bond Trust 2021 Series 1	254,071	327,357
Vermilion Bond Trust 2023 Series 1	476,271	-
RMBS	**8,528,047**	**8,404,299**

RMBS

RMBS provide duration funding for loans (secured assets) originated by the Group. The terms of RMBS differ for each issuance, however RMBS notes typically have a legal maturity date of greater than 30 years from issue. The issuer will typically have the right (but not the obligation) to redeem the note at the earlier of note balances amortising below 20% of the original balance, or a specified call date that is 3 to 5 years from the issuance date.

RMBS borrowings are secured by a combination of fixed and floating charges over the assets of the relevant Trust. Under the current Trust terms, a default by the borrowing customer will not result in bondholders having a right of recourse against the Group (as originator, trust manager or servicer).

This classification includes credit risk retention financing obtained through subsidiaries for the purposes of facilitating the required economic interest in RMBS.

Warehouses

Warehouses are borrowing facilities that enable funding to be drawn within a specific Trust to fund loans. They have renewal dates between 1 and 3 years from when the facility was last renewed, and if the warehouse facility is not renewed or should there be a default under the existing terms and conditions, the warehouse facility funders will not have a right of recourse against the Group. Warehouse facilities are secured by a combination of fixed and floating charges over the assets of the relevant Trust. At 31 December 2023, the Group had $2.7 billion (2022: $1.8 billion) of undrawn warehouse facilities.

Corporate debt

In October 2022 the Group entered into a new corporate debt facility and the existing corporate debt was repaid. At 31 December 2023 the Group had $140.0 million (2022: $140.0 million) of corporate debt maturing in 2027. In accordance with the terms and conditions of the previous and current corporate debt the Group is required to comply with certain covenants. During the financial year the Group was compliant with these covenants. The corporate debt facility is secured by fixed and floating charges over the assets and equity of the Group.

Bank guarantees

The Group holds bank guarantees totalling $0.8 million (2022: $0.8 million) related to an office lease. These guarantees are secured by a term deposit.

12. Other financial liabilities

	Group	
	2023	**2022**
	$000	**$000**
Future trail commission liability*	186,890	191,328
Contingent consideration**	1,985	3,970
Payable to third parties	2,675	2,141
	191,550	**197,439**

**Future trail commission liability has a corresponding future trail commission asset of $195.2 million (2022: $201.5 million) included within Mortgages (see Note 7), the net Group trail commission asset being $8.3 million (2022: $10.2 million).*
*** Relating to the Granite acquisition.*

13. Capital and reserves

(a) Share capital

	Share Capital		No of Ordinary shares	
Company	**2023**	**2022**	**2023**	**2022**
	$000	**$000**	**#**	**#**
Fully paid ordinary shares	3,457	3,457	2,063,989	2,063,989
	3,457	**3,457**	**2,063,989**	**2,063,989**

All shares are fully paid and rank equally with regard to the Company's residual assets, with the holders entitled to receive dividends as declared from time to time and one vote per share at meetings of the Company.

There were no shared based payments in either the current or prior year.

(b) Dividends

The Company declared a dividend of $7.39 per share totalling $15.3 million in February 2024 to be paid in March 2024. The Company also previously declared a dividend of $6.78 per share totalling $14.0 million in February 2022 that was paid in March 2022, and declared a dividend of $8.33 per share totalling $17.2 million in February 2023 that was paid in March 2023.

(c) Reserves

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments related to hedges over the variability of cash flows from floating rate debt and cross currency cash flows.

Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from:

- translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity; and
- long term intercompany loan revaluations taken to the foreign exchange reserve at the Balance Sheet date.

14. Maturity analysis of financial assets and liabilities

The table below reflects an analysis of financial assets and liabilities based on contractual maturity, except for mortgage assets and borrowings which are disclosed based on the earlier of expected and contractual maturity, and derivatives which are disclosed at fair value and shown as current.

	2023			2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Group	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Cash and cash equivalents	734,244	-	734,244	504,852	-	504,852
Trade and other receivables	22,674	1,100	23,774	9,559	-	9,559
Derivative assets	35,636	-	35,636	12,662	-	12,662
Mortgage assets*	7,670,526	6,634,123	14,304,649	5,679,084	6,947,861	12,626,945
Other assets	237	4,130	4,367	16,383	1,233	17,616
Total financial assets	**8,463,317**	**6,639,353**	**15,102,670**	**6,222,540**	**6,949,094**	**13,171,634**
Trade and other payables	29,873	-	29,873	14,971	-	14,971
Borrowings excl. lease liabilities*	7,722,921	6,982,627	14,705,548	5,782,316	6,994,372	12,776,688
Income tax payable	16,500	-	16,500	14,903	-	14,903
Derivative liabilities	7,114	-	7,114	-	-	-
Lease liabilities	1,716	-	1,716	1,810	1,635	3,445
Other financial liabilities	39,450	152,100	191,550	47,584	149,855	197,439
Total financial liabilities	**7,817,574**	**7,134,727**	**14,952,301**	**5,861,584**	**7,145,862**	**13,007,446**
Net financial assets/(liabilities)	**645,743**	**(495,374)**	**150,369**	**360,956**	**(196,768)**	**164,188**

** Includes warehouses and other borrowings, as well as the associated mortgage assets, categorised based on the availability period of the non-recourse borrowings at the applicable date rather than the final repayment date of the drawn borrowings.*

15. Auditor's remuneration

	Group	
	2023	2022
	$000	$000
Amounts received or due and receivable by Ernst & Young (Australia) for:		
Audit services		
Statutory audit of the current year financial report	548	546
Other services	37	37
Other services		
Tax services	-	93
Other services	-	-
	585	**676**

The auditor of the Group and the Company is Ernst & Young (Australia).

16. Commitments and contingencies

Regulatory credit risk retention obligations relating to the issuance of RMBS to certain international jurisdictions require the Group to retain an economic interest of at least 5% in the issue. CCPL guarantees finance raised through subsidiaries specifically for the purposes of facilitating the required economic interest.

17. Related parties

The financial statements include the financial statements of the Company and the controlled and associated entities listed in the table below.

		Effective ownership interest	
Name	**Principal activity**	**2023**	**2022**
Consortia Group Holdings Pty Limited	Holding company	100%	100%
ColCap Financial Overseas Holdings Limited	Holding company	100%	100%
Consortia Group Holdings Pty Limited			
Columbus Capital Pty Limited	Holding Company, AFSL holder	100%	100%
Columbus Capital Pty Limited			
Lantern Bond Trust 2020#	Mortgaged Backed Securities Trust	100%	100%
Lumina Trust 2020	Mortgaged Backed Securities Trust	100%	100%
Lumina Trust 2021	Mortgaged Backed Securities Trust	100%	100%
Nautilus Trust No. 1+	Mortgaged Backed Securities Trust	100%	100%
Triton Artemis Warehouse Trust Series 1	Mortgaged Backed Securities Trust	100%	-
Triton BEN Warehouse Trust	Mortgaged Backed Securities Trust	100%	100%
Triton Bond Trust 2020	Mortgaged Backed Securities Trust	100%	100%
Triton Bond Trust 2021-1	Mortgaged Backed Securities Trust	100%	100%
Triton Bond Trust 2021-2	Mortgaged Backed Securities Trust	100%	100%
Triton Bond Trust 2021-3+	Mortgaged Backed Securities Trust	100%	100%
Triton Bond Trust 2021-4+	Mortgaged Backed Securities Trust	100%	100%

Name	Principal activity	Effective ownership interest	
		2023	2022
Columbus Capital Pty Limited (continued)			
Triton Bond Trust 2022-1	Mortgaged Backed Securities Trust	100%	100%
Triton Bond Trust 2022-2	Mortgaged Backed Securities Trust	100%	100%
Triton Bond Trust 2022-3	Mortgaged Backed Securities Trust	100%	100%
Triton Bond Trust 2022-4	Mortgaged Backed Securities Trust	100%	100%
Triton Bond Trust 2023-1	Mortgaged Backed Securities Trust	100%	-
Triton Bond Trust 2023-2	Mortgaged Backed Securities Trust	100%	-
Triton Bond Trust 2023-3P	Mortgaged Backed Securities Trust	100%	-
Triton Consumer Asset Trust	Mortgaged Backed Securities Trust	100%	100%
Triton Ebisu Warehouse Trust Series 1[#]	Mortgaged Backed Securities Trust	100%	100%
Triton SMSF Bond Trust 2020+	Mortgaged Backed Securities Trust	100%	100%
Triton SMSF Bond Trust 2021+	Mortgaged Backed Securities Trust	100%	100%
Triton Trust 2020CN	Mortgaged Backed Securities Trust	100%	100%
Triton Trust Hera Warehouse 2021-1	Mortgaged Backed Securities Trust	100%	100%
Triton Trust No. 10	Mortgaged Backed Securities Trust	100%	100%
Triton Trust No. 2	Mortgaged Backed Securities Trust	100%	100%
Triton Trust No. 3+	Mortgaged Backed Securities Trust	100%	100%
Triton Trust No. 5+	Mortgaged Backed Securities Trust	100%	100%
Triton Trust No. 6+	Mortgaged Backed Securities Trust	100%	100%
Triton Trust No. 7	Mortgaged Backed Securities Trust	100%	100%
Triton Trust No. 8	Mortgaged Backed Securities Trust	100%	100%
Triton Trust No. 9	Mortgaged Backed Securities Trust	100%	100%
Triton Trust Plutus Warehouse 2021-1	Mortgaged Backed Securities Trust	100%	100%
Triton Hebe Warehouse Trust Series 1	Mortgaged Backed Securities Trust	100%	-
Triton Warehouse Trust 2020SF	Mortgaged Backed Securities Trust	100%	100%
Vermilion Bond Trust 2020+	Mortgaged Backed Securities Trust	100%	100%
Vermilion Bond Trust 2021	Mortgaged Backed Securities Trust	100%	100%
Vermilion Bond Trust 2023	Mortgaged Backed Securities Trust	100%	-
Vermilion Trust No. 1	Mortgaged Backed Securities Trust	100%	100%
Poros Trust No. 1+	Commission Backed Securities Trust	100%	100%
Olympus Albion Funding Trust Series 1	Investment	100%	-
Pharos AQ Pty Ltd	Investment	100%	100%
Pharos AQ 2020 Pty Ltd	Investment	100%	100%
Pharos AQ 2021 Pty Ltd	Investment	100%	100%
Pharos AQ 2021V Pty Ltd	Investment	100%	100%
Pharos AQ 2022 Pty Ltd	Investment	100%	100%
Pharos AQ 2023 Pty Ltd	Investment	100%	-
Pharos AQ NTX Pty Ltd	Investment	100%	100%
Pharos AQ-L 2021 Pty Ltd	Investment	100%	100%
Pharos CB 2020 Pty Ltd	Investment	100%	100%
Pharos IAC Pty Ltd	Investment	100%	100%
Pharos IAC 2017-2 Pty Ltd+	Investment	100%	100%
Pharos IAC 2018-1 Pty Ltd+	Investment	100%	100%
Pharos IAC 2019-3 Pty Ltd	Investment	100%	100%
Pharos IAC 2020 Pty Ltd	Investment	100%	100%

Name	Principal activity	Effective ownership interest	
		2023	2022
Columbus Capital Pty Limited (continued)			
Pharos IAC-L 2021 Pty Ltd	Investment	100%	100%
Pharos IAC-H 2021 Pty Ltd	Investment	100%	100%
Pharos IAC 2023V Pty Ltd	Investment	100%	-
Pharos NB Pty Ltd	Investment	100%	100%
Pharos NB 2021 Pty Ltd	Investment	100%	100%
Pharos NB 2022 Pty Ltd	Investment	100%	100%
Pharos RV Pty Ltd	Investment	100%	100%
Pharos WBC 2023 Pty Ltd	Investment	100%	-
AVA U2 Pty Ltd	Investment	100%	100%
Origin Mortgage Management Services Pty Ltd*	Shelf company	100%	100%
ColCap Investments Pty Ltd*	Shelf company	100%	100%
Austrata Finance Pty Ltd	Strata Finance	51%	51%
ColCap Servicing Pty Ltd	Branch in the Philippines	100%	100%
Granite Home Loans Pty Ltd	Mortgage Originating Company	100%	100%
Homestar Finance Pty Ltd	Mortgage Originating Company	100%	100%
Xpress Loans Direct Pty Ltd#	Mortgage Originating Company	100%	100%
Xpress Loans Pty Ltd#	Mortgage Originating Company	100%	100%
ColCap Pty Limited*	Holding company	100%	100%
ColCap Pty Limited			
Columbus Capital Funds Management Pty Limited	Funds Management	100%	100%
Columbus Capital Financial Pty Limited*	Investment	100%	100%
ColCap Financial Overseas Holdings Limited			
ColCap Financial UK Limited	Holding Company	100%	100%
ColCap Financial UK Limited			
Molo Tech Limited	Mortgage origination	80%	-
Molo Holdings No 1 Limited	Lender of record	100%	-
Elizabeth RR No 1 Limited	Investment	100%	-
Elizabeth RR No 2 Limited	Investment	100%	-
ColCap Financial UK Limited (continued)			
Victoria Mortgage RMBS No. 1 Limited##	Mortgaged Backed Securities Trust	-	-
Victoria Mortgage RMBS No. 2 Limited##	Mortgaged Backed Securities Trust	-	-
Molo Tech Limited			
Molo Holdings No 2 Limited	Shelf company	100%	100%

* *No activity during 2023.*

\+ *Trusts in the process of being closed. No mortgage assets remain and all noteholders have been repaid.*

Trusts established and not yet active.

ColCap Financial UK Limited is deemed for accounting purposes to control these special purpose entities established in the UK to fund loans originated or managed by members of the Group.

18. Key management personnel

The key management personnel employed under a management service agreement are:

Andrew Chepul	Chief Executive Officer
Ilias Pavlopoulos	Chief Operating Officer
Jean du Plessis	Chief Financial Officer

The value of amounts owed to the Group by key management personnel and related parties at 31 December 2023 was $2,474 (2022: $3,087).

The aggregate remuneration to key management personnel of the Group and Company is set out below.

	Group and Company	
	2023	2022
	$000	$000
Short-term	2,046	1,940
Long-term	30	15
Total remuneration to key management personnel	**2,076**	**1,955**

19. Parent entity disclosures

The financial statements for the Company as the Group's parent entity at the relevant reporting dates are reflected below.

Statement of financial position

	Company	
	2023	2022
	$000	$000
Assets		
Cash and cash equivalents	-	-
Trade and other receivables	17,366	15,412
Other assets	280	250
Investment in controlled entities	85,423	64,767
Property, equipment and right-of-use assets	437	-
Deferred tax assets	-	-
Intangible assets	-	-
Total assets	**103,506**	**80,429**
Liabilities		
Trade and other payables	198	23
Income tax payable	16,648	14,982
Other financial liabilities	82	-
Total liabilities	**16,928**	**15,005**
Net assets	**86,578**	**65,424**
Equity		
Issued capital	3,457	3,457
Retained earnings	83,121	61,967
Total equity	**86,578**	**65,424**

Statement of profit and loss

	Company	
	2023	**2022**
	$000	**$000**
Other operating income*	39,028	29,985
Net operating income	**39,028**	**29,985**
Depreciation and amortisation expenses of non-financial assets	(58)	-
Other operating expenses	(904)	(1,433)
Total operating expenses	**(962)**	**(1,433)**
Profit before tax	**38,066**	**28,552**
Income taxes	288	430
Net profit after tax	**38,354**	**28,982**
Total comprehensive income for the period, net of tax	**38,354**	**28,982**

* *Relates to dividends received from the Company's subsidiary.*

Contingent liabilities of the parent entity

The Company did not have any contingent liabilities at 31 December 2023 (2022: nil).

Contractual commitments of the parent entity

The Company did not have any contractual commitments at 31 December 2023 (2022: nil).

Determining the parent entity information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements.

20. Investment in associates

In June 2022, CCPL invested into Austrata and acquired a significant non-controlling voting interest through a combination of ordinary and preference shares. Austrata is a newly established innovative provider of strata loans in Australia and the investment was made as part of the Group's focus on innovative incremental lending opportunities within the Group's risk appetite.

The CCPL's interest in Austrata is accounted for using the equity method. Since the investment Austrata's contribution has not been material to the CCPL's statement of profit and loss and other comprehensive income.

Whilst Austrata's financial information has not been prepared in full compliance with AAS and IFRS the differences are not considered to have a material impact.

21. Acquisitions

In December 2022 the Group commenced residential mortgage lending in the UK through a strategic alliance with Molo in which a Group company in the UK had a call option to acquire a controlling shareholding. The call option was exercised on 28 February 2023 following the UK Financial Conduct Authority's approval of the change of control, and as a result the Group acquired an 80% shareholding in Molo. The non-controlling interests balance on the Group Balance Sheet at 31 December 2023 reflects the 20% minority shareholders' interests in Molo.

The Group was previously deemed to have significant influence over Molo at 31 December 2022 albeit with no equity shareholding. At 31 December 2022 the Group had advanced $13.8 million to Molo as senior and subordinated loans that would form part of the call option price if exercised. The amount advanced as at 28 February 2023 formed part of the consideration payable for the ordinary shares issued by Molo to a Group company on the 28 February 2023 acquisition date.

The fair value of the identifiable assts and liabilities as at the 28 February 2023 acquisition date were as set-out below.

	£000
Assets	
Cash and cash equivalents	6,691
Trade and other receivables	203
Mortgage assets	24,570
Derivative assets	1,869
Property, equipment and right-of-use assets	7
Deferred tax assets	7,137
Total assets	**40,476**
Liabilities	
Trade and other payables	1,038
Borrowings	23,789
Employee benefit liabilities	35
Other liabilities	8
Deferred tax liabilities	355
Total liabilities	**25,226**
Total identifiable net assets at fair value	**15,250**
Goodwill arising on acquisition	3,272
Implied value	18,552
Less: Non-controlling interests	(3,704)
Consideration	**14,817**

In July 2023 UK funding entities utilised by UK subsidiaries of the Company purchased a portfolio of loans previously originated by Molo for £233 million including the value of related interest rate swaps and accrued interest. There was also an inter-group transaction whereby the same UK funding entities acquired the portfolio of loans previously funded on the Molo Balance Sheet.

22. Segment information

The Group operates solely in the mortgage lending and administration industry and until recently only generated revenue from within Australia. The Group's lending in the UK has only recently commenced and is not material. The Branch in the Philippines merely provides support services to the Group.

23. Events after the reporting period

The new $1.4 billion Triton Bond Trust 2024-1 settled on 22 February 2024.

A dividend of $15.3 million was declared in February 2024 to be paid in March 2024 (March 2023 dividend payment: $17.2 million).

There have been no other significant events occurring after the reporting period which may affect either the Group's operations or results of those operations or the Group's state of affairs.

24. Financial instruments

(a) Capital risk management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity.

The capital structure of the Group consists of debt, which includes the borrowings reflected in Note 11, cash and cash equivalents reflected in Note 6, and equity attributable to equity holders of the Company comprising issued capital reflected in Note 13, as well as accumulated profits as reflected in the statement of changes in equity.

The Group provides loans primarily through special purpose vehicles (trusts) established to manage the borrowings and loans serviced and managed by the Group. The Company is subject to capital requirements imposed by funders of the Group, and by the Australian Securities and Investments Commission in relation to CCPL's financial services license.

Operating cash flows are used to maintain and expand the Group's assets as well as make the routine outflows for repayment of maturing debt. Cash flows are monitored on an ongoing basis and subject to director reviews.

(b) Financial risk management objectives

The Group's Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks.

The risks exposed to include market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk, operational risk and cash flow interest rate risk. The Group seeks to mitigate the effects of market and interest rate risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors.

The Group's activities expose it primarily to the financial risks of changes in interest rates and credit risk.

(c) Foreign currency risk

The Group has offshore support operations in the Philippines and at the reporting date the Group held cash assets denominated in Philippine pesos (**"PHP"**). Fluctuations in the PHP are not expected to have a material impact on the consolidated financial statements of the Group.

The Group has recently commenced residential mortgage lending in the UK and at the reporting date the Group held cash assets denominated in British Pounds (**"GBP"**). Fluctuations in GBP are in the near term not expected to have a material impact on the consolidated financial statements of the Group.

(d) Interest rate risk management

The Group is exposed to interest rate risk as it lends funds at both floating and fixed interest rates. The risk is managed by the Group by maintaining floating rate borrowings and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring optimal hedging strategies are applied by either positioning the statement of financial position or protecting interest expense through different interest rate cycles.

There has been no change in nature to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate sensitivity analysis

At the reporting date, if interest rates on variable interest rate borrowings exposures had been 10 basis points higher or lower and all other variables were held constant, the Group's net profit after tax would increase or decrease by $8.7 million respectively (2022: $7.9million), and having taken hedges into account equity would increase or decrease by $6.4 million respectively (2022: $7.6 million). In the event of such a change, the Group would have the option of adjusting rates on the variable portion of its loan portfolio to recover or return part or all of the variation.

Interest rate swap contracts

Under interest rate swap contracts the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at reporting date and the credit risk inherent in the contract.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the reporting date:

	2023		2022	
	Notional price amount	Fair value	Notional price amount	Fair value
Group	**$000**	**$000**	**$000**	**$000**
Fixed or floating	880,820	24,576	555,294	12,662
Total	**880,820**	**24,576**	**555,294**	**12,662**

Future trail commission receivable and payable

The key assumptions underlying the calculation of future trail commission asset and liability during the period include the prepayment rate and the discount rate. These assumptions are determined by management as follows:

	2023	2022
Prepayment rate	17.75%	16.00%
- Impact on net profit after tax of +/- 1% ($000)	(243) / 228	(294) / 275
Discount rate*	8.25%	8.00%
- Impact on net profit after tax of +/- 1% ($000)	(193) / 180	(233) / 217

** Takes into account the 5-year weighted average Cash Rate as well as Beta and market risk premium assumptions.*

(e) Interest rate risk of financial instruments

The table below analyses the Group's interest rate risk exposure on non-trading financial assets and liabilities. The Group's assets and liabilities are included at carrying amount and categorised by the earlier of re-pricing or contractual maturity dates.

Re-pricing / contractual maturity dates

Group 2023	**Variable/ on demand $000**	**1 to 3 months $000**	**3 months to 1 year $000**	**1 to 5 years $000**	**Over 5 years $000**	**Total non-interest bearing $000**	**Total $000**
Cash and cash equivalents	640,540	-	-	-	-	93,704	734,244
Trade and other receivables	-	-	-	-	-	23,774	23,774
Other assets	-	-	-	-	-	4,367	4,367
Mortgage assets							
Fixed rate	-	61,482	141,596	555,803	474	-	759,355
Variable rate	13,545,294	-	-	-	-	-	13,545,294
Derivative assets	-	35,636	-	-	-	-	35,636
Total financial assets	**14,185,834**	**97,118**	**141,596**	**555,803**	**474**	**121,845**	**15,102,670**
Trade and other payables	-	-	-	-	-	29,873	29,873
Borrowings excl. lease liabilities	14,565,521	2	6	140,019	-	-	14,705,548
Lease liabilities	-	474	1,242	-	-	-	1,716
Other financial liabilities	-	13,339	34,884	99,307	41,345	2,675	191,550
Derivative liabilities	-	7,114	-	-	-	-	7,114
Total financial liabilities	**14,565,521**	**20,929**	**36,132**	**239,326**	**41,345**	**32,548**	**14,935,801**

Group 2022	**Variable/ on demand $000**	**1 to 3 months $000**	**3 months to 1 year $000**	**1 to 5 years $000**	**Over 5 years $000**	**Total non-interest bearing $000**	**Total $000**
Cash and cash equivalents	425,486	-	-	-	-	79,366	504,852
Trade and other receivables	-	-	-	-	-	9,559	9,559
Other assets	-	-	-	-	-	17,616	17,616
Mortgage assets							
Fixed rate	-	31,394	295,828	214,468	548	-	542,238
Variable rate	12,084,707	-	-	-	-	-	12,084,707
Derivative assets	-	12,662	-	-	-	-	12,662
Total financial assets	**12,510,193**	**44,056**	**295,828**	**214,468**	**548**	**106,541**	**13,171,634**
Trade and other payables	-	-	-	-	-	14,971	14,971
Borrowings excl. lease liabilities	12,636,688	-	-	140,000	-	-	12,776,688
Lease liabilities	-	457	1,353	1,635	-	-	3,445
Other financial liabilities	-	12,431	35,257	99,649	47,961	2,141	197,439
Total financial liabilities	**12,636,688**	**12,888**	**36,610**	**241,284**	**47,961**	**17,112**	**12,992,543**

(f) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Credit risk is monitored primarily through monitoring of the arrears position of each loan and receivable. Amounts in arrears are effectively monitored and the applicable party contacted to pursue payment. Arrears reporting is prepared and reviewed regularly. Monthly reports are also provided to the mortgage insurer detailing the status on each of their insured loan accounts that are in arrears.

The Group restricts its exposure to default losses through prudent underwriting and a requirement for borrowers to take out mortgage insurance in certain circumstances.

In certain circumstances, where there is mortgage insurance in place, there is some exposure to the insurance provider directly in the event of open claims and indirectly in the event of potential borrower defaults.

The Australian economy has experienced changes and there remains heightened uncertainty in terms of underlying economic measures such as employment. This manifests in increased uncertainty in determining credit provisions and also around the currency of key factors in credit models.

The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowances for losses, represents the Group's exposure to credit risk without taking account of the value of any collateral obtained.

	2023		2022	
Group	**$000**	**%**	**$000**	**%**
Arrears band				
Current	13,597,919	96.55%	11,989,420	96.99%
Less than 30 days	445,320	3.16%	354,110	2.86%
31-90 days	25,173	0.18%	10,009	0.08%
More than 90 days	15,225	0.11%	7,742	0.06%
Total	**14,083,637**	**100.00%**	**12,361,281**	**100.00%**
Credit quality				
Neither past due nor impaired	13,597,919	96.55%	11,989,420	96.99%
Past due not impaired	476,372	3.38%	368,750	2.98%
Individually impaired	9,346	0.07%	3,111	0.03%
Total	**14,083,637**	**100.00%**	**12,361,281**	**100.00%**

ECL sensitivity analysis

	2023	2022
	$m*	**$m***
Scenario 1 – Best case	(3.4)	(3.0)
Scenario 2 – Base case	(2.8)	(2.3)
Scenario 3 – Worst case	7.2	2.4

** Change in the model-output value (pre-tax) if the weighting for this scenario were 100% (i.e. 0% for the other two scenarios).*

Loans >90 days in arrears amounted to 0.11% of the loan portfolio at 31 December 2023 (2022: 0.06%), with loans granted Hardship relief an incremental 0.30% of the loan portfolio at 31 December 2023 (2022: 0.04%).

Risk concentrations

The Group's concentration of risk with respect to the loan portfolio is managed by origination source and by geographic region.

These risks are mitigated through diversity in geographical location and continually monitoring the pipeline for retail and wholesale lending.

The Group typically ensures lenders mortgage insurance is in place prior to settling a loan which can be lenders mortgage insured in the event the loan-to-value ratio exceeds 80%.

Credit quality by class of financial assets

A proportion of current loans are insured for loss with a lenders mortgage insurance policy to be taken out at the time of settlement for the full value of the loans. For insured loans, only in the event of a reduced or denied claim from the mortgage insurer will the remaining value be considered impaired and written off at the time of the finalisation of the mortgage insurance settlement process.

Carrying amount by class of financial assets whose terms have been renegotiated

Loan terms are renegotiated as necessary as part of the Group's credit management policy. The policy is reviewed on a regular basis by the risk committee.

(g) Fair value of financial instruments

The Directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values except for fixed rate loans when considered in isolation to their associated hedges.

Group 2023	Level 1 $000	Level 2 $000	Level 3 $000	Total fair value $000	Carrying value $000
Financial assets measured at fair value					
Derivatives	-	35,636	-	35,636	35,636
Financial assets not measured at fair value					
Cash and cash equivalents	734,244	-	-	734,244	734,244
Trade and other receivables	-	-	23,774	23,774	23,774
Mortgage assets	-	-	14,218,111	14,218,111	14,304,649
Other assets	-	-	4,367	4,367	4,367
	734,244	**35,636**	**14,246,252**	**15,016,132**	**15,102,670**
Financial liabilities measured at fair value					
Derivatives	-	7,114	-	7,114	7,114
Financial liabilities not measured at fair value					
Trade and other payables	-	-	29,873	29,873	29,873
Borrowings excl. lease liabilities	-	-	14,705,548	14,705,548	14,705,548
Lease liabilities	-	-	1,716	1,716	1,716
Other financial liabilities	-	-	191,550	191,550	191,550
	-	**7,114**	**14,928,687**	**14,935,801**	**14,935,801**
Net financial assets/(liabilities)	**734,244**	**28,522**	**(682,435)**	**80,331**	**166,869**

Group 2022	Level 1 $000	Level 2 $000	Level 3 $000	Total fair value $000	Carrying value $000
Financial assets measured at fair value					
Derivatives	-	12,662	-	12,662	12,662
Financial assets not measured at fair value					
Cash and cash equivalents	504,852	-	-	504,852	504,852
Trade and other receivables	-	-	9,559	9,559	9,559
Mortgage assets	-	-	12,589,054	12,589,054	12,626,945
Other assets	-	-	17,616	17,616	17,616
	504,852	**12,662**	**12,616,229**	**13,133,743**	**13,171,634**
Financial liabilities not measured at fair value					
Trade and other payables	-	-	14,971	14,971	14,971
Borrowings excl. lease liabilities	-	-	12,776,688	12,776,688	12,776,688
Lease liabilities	-	-	3,445	3,445	3,445
Other financial liabilities	-	-	197,439	197,439	197,439
	-	**-**	**12,992,543**	**12,992,543**	**12,992,543**
Net financial assets/(liabilities)	**504,852**	**12,662**	**(376,314)**	**141,200**	**179,091**

There have been no transfers between levels in the period.

Valuation technique

The interest rate swap valuation is the present value of the expected cash flows over the life of derivative contracts. The expected cash flows are the difference between the contractual fixed rate and market rate at the valuation date.

Level 3 financial assets not measured at fair value

For financial assets not measured at fair value and categorised at Level 3, the following table shows the valuation techniques used in measuring as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs
Mortgage assets (Note 7)	Variable rate mortgage assets are assumed to equate to the carrying value. A discounted cash flow approach is applied for any fixed rate mortgage assets at the estimated market interest rate.	Discount rate Cash flow forecasts Credit risk

(h) Liquidity risk management

The Group did not hold any financial assets or liabilities that could be set off in accordance with enforceable master netting arrangements. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, and reserve borrowing facilities by continuously monitoring forecast and actual cash flows as well as matching the maturity profiles of financial assets and liabilities.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Variable/ on demand $000	1 to 3 months $000	3 months to 1 year $000	1 to 5 years $000	Over 5 years $000	Total $000
Group						
2023						
Trade payables	29,873	-	-	-	-	29,873
Borrowings	-	1,174,666	5,056,695	3,064,184	12,060,523	21,356,068
Lease liabilities	-	474	1,242	-	-	1,716
2022						
Trade payables	14,971	-	-	-	-	14,971
Borrowings	-	1,311,262	3,889,320	2,843,496	10,005,595	18,049,673
Lease liabilities	-	457	1,353	1,635	-	3,445

The derivative contractual maturity values are based on the fair value of the interest rate swap. The valuation technique is outlined at point (g) above.

Liquidity risk and funding management

The loan portfolio is funded through a combination of equity, corporate debt, and funding from noteholders in warehouses and RMBS trusts. Approximately 41% of funding from noteholders was via warehouse facilities at 31 December 2023 (2022: 33%), with the remaining 59% funded via RMBS (2022: 67%).

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of the Company, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Company and Group's financial year ended 31 December 2023 are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Company's and Group's financial position at 31 December 2023 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulation 2001*;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Jane Tongs
Chairperson
27 February 2024

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Independent auditor's report to the members of ColCap Financial Limited

Opinion

We have audited the financial report of ColCap Financial Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, and the directors' declaration.

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

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial 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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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.

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Responsibilities of the directors for the financial report

The directors of the Company 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 preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Michael Byrne
Partner
Sydney
27 February 2024

ColCap