

**KREMNIKER MORTGAGE FUND
ARSN 101 518 067**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

KREMNIZER MORTGAGE FUND
ARSN 101 518 067
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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KREMNIKER MORTGAGE FUND
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REPORT BY THE DIRECTORS OF BACCUS INVESTMENTS LIMITED

The directors present their report together with the financial report of Kremnizer Mortgage Fund (“the fund”) for the financial year ended 30 June 2023 and independent review report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors Names

The names of the directors of Baccus Investments Limited, the Responsible Entity for the fund, in office at any time during or since the end of the year ended 30 June 2023 were:

Name	Period of Directorship
Robert Kremnizer	Since 1 August 2004
Anthony Etzine	Since 1 August 2004
David Bleier	Since 27 May 2010

Directors have been in office since the start of the year to the date of this report unless otherwise stated.

Principal activities

The principal activity of the fund during the financial year was a registered syndicated mortgage scheme.

Operating results

The fund derived a distributable surplus of \$580,970.

Distributions paid or recommended

The fund paid a distribution of \$580,970 during the year.

Review of operations

The directors consider that the fund operated satisfactory during the year ended 30 June 2023 in accordance with its deed. The fund had syndicated mortgage loans of \$230,387,000, before provision for impairments, at the balance date, an increase of 14.53% on 2022.

Significant changes in state of affairs

The directors do not consider there were any significant changes in the state of affairs during the year ended 30 June 2023.

After balance date events

No matter or circumstance has arisen since the end of the financial year, which significantly affected or may significantly affect operations of the fund, the results of those operations, or the state of affairs of the fund in subsequent financial years.

Future developments

The directors intend to continue to conduct the management of the affairs of the Kremnizer Mortgage Fund in an efficient manner satisfactory to its obligations.

Environment issues

The fund’s operations are not subject to environmental regulation under the law of the Commonwealth and New South Wales.

Auditor’s Independence Declaration

A copy of the auditor’s independence declaration in relation to the audit for the financial year is provided with this report.

KREMNIKER MORTGAGE FUND
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Meetings of directors

DIRECTORS	DIRECTORS' MEETINGS	
	Number eligible to attend	Number attended
Robert Kremnizer	6	6
Anthony Etzine	6	6
David Bleier	6	6

Directors' emoluments

No emoluments were paid to the directors by the fund.

Indemnifying officers or auditor

The responsible entity has paid premiums to insure each of the directors and officers against liabilities for fraud and professional indemnity incurred by them in acting as the responsible entity of the Kremnizer Mortgage Fund. During and since the end of the financial year the responsible entity has not given any indemnity or entered into an agreement to indemnify the directors or auditors of the responsible entity.

Options

The fund does not have share capital.

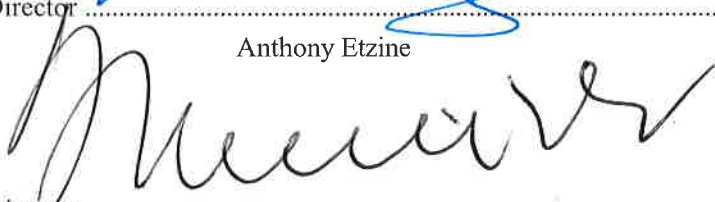
Fund Details

- a) The fees paid to the responsible entity and its associates out of the fund property during the financial year were **\$5,949,054**.
- b) The number of interests in the fund held by the responsible entity or its associates at the end of the financial year are within **30** separate First Mortgage Syndicates and **0** Second Mortgage Syndicate.
- c) Interests in the fund issued during the financial year were **\$520,788,518** of which **\$218,627,000** related to mortgage interests.
- d) Withdrawals from the fund during the financial year were **\$481,236,714** of which **\$189,401,201** related to mortgage interests.
- e) The value of the members' funds as the end of the financial year is **\$249,699,500**. The basis for the valuation of the fund's assets is at historical cost less provision for impairment.
- t) The number of Mortgage Syndicates in the fund at the end of financial year is **134**.

Signed in accordance with a resolution of the Board of Directors of Baccus Investments Limited.

Director

Anthony Etzine

Director

Robert Kremnizer

Dated this ²⁰ day of September 2023

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF KREMNIKER MORTGAGE FUND**

In relation to the audit of the financial statements of Kremnizer Mortgage Fund for the year ended to 30 June 2023, to the best of my knowledge and belief there has been:

- i. No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- ii. No contraventions of any applicable code of professional conduct.



M A GODLEWSKI

Partner

PITCHER PARTNERS

Sydney

20 September 2023

KREMNIZER MORTGAGE FUND
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 \$	2022 \$
Revenue	3	<u>24,155,803</u>	<u>23,457,579</u>
Expenses			
<i>Responsible entity fees</i>			
Service fees		1,800,152	1,557,668
Legal fees		773,091	1,098,371
Trail/Establishment fees		2,794,840	2,867,941
Other operating expenses		<u>3,181,881</u>	<u>3,241,238</u>
Total operating expenses		<u>8,549,964</u>	<u>8,765,218</u>
Operating profit		<u>15,605,839</u>	<u>14,692,361</u>
Finance costs attributable to members			
Distribution to members		<u>(15,024,869)</u>	<u>(14,136,958)</u>
Profit for the year		<u>580,970</u>	<u>555,403</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>580,970</u>	<u>555,403</u>

The accompanying notes form part of these financial statements

KREMNIKER MORTGAGE FUND
ARSN 101 518 067
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	2023 \$	2022 \$
ASSETS			
Cash assets and cash equivalents	4	21,244,942	10,641,298
Other financial assets	5	<u>230,027,000</u>	<u>200,801,201</u>
TOTAL ASSETS		<u><u>251,271,942</u></u>	<u><u>211,442,499</u></u>
LIABILITIES			
Trade & other payables	6	1,572,442	1,294,803
Members Funds	7	<u>249,699,500</u>	<u>210,147,696</u>
TOTAL LIABILITIES		<u><u>251,271,942</u></u>	<u><u>211,442,499</u></u>

The accompanying notes form part of these financial statements

KREMNIZER MORTGAGE FUND
ARSN 101 518 067
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
TOTAL EQUITY AT THE BEGINNING OF THE YEAR	-	-
Profit for the year	580,970	555,403
Distributions paid	(580,970)	(555,403)
	-	-
TOTAL EQUITY AT THE END OF THE YEAR	-	-

The accompanying notes form part of these financial statements

**KREMNIZER MORTGAGE FUND
ARSN 101 518 067**

**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 \$	2022 \$
CASH FLOW FROM OPERATING ACTIVITES			
Borrowing Costs, Interest and Application Fees Received		9,009,836	9,316,112
Payments to suppliers		<u>(8,342,608)</u>	<u>(8,524,502)</u>
Net cash provided by /(used in) operating activities	9(a)	<u>667,228</u>	<u>791,610</u>
CASH FLOW FROM INVESTING ACTIVITES			
Net Funds Advanced to Borrowers		(29,225,799)	(31,315,500)
Net Interest Received from Investments		<u>121,098</u>	<u>4,510</u>
Net cash provided by / (used in) investing activities		<u>(29,104,701)</u>	<u>(31,310,990)</u>
CASHFLOW FROM FINANCING ACTIVITIES			
(Decrease) / Increase in Other Funds Held in Trust		70,283	(56,547)
Net Funds Received from Members		39,551,804	18,615,931
Distributions paid to Responsible Entity		<u>(580,970)</u>	<u>(555,403)</u>
Net Cash provided by / (used in) financing activities		<u>39,041,117</u>	<u>18,003,981</u>
Net increase / (decrease) in cash and cash equivalents		10,603,644	(12,515,399)
Cash and cash equivalents at beginning of the year		<u>10,641,298</u>	<u>23,156,697</u>
Cash and cash equivalents at end of the year	5	<u>21,244,942</u>	<u>10,641,298</u>

The accompanying notes form part of these financial statements

KREMNIKER MORTGAGE FUND
ARSN 101 518 067

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Kremnizer Mortgage Fund (“the Fund”) is a registered mortgage scheme, registered and domiciled in Australia. This financial report is a general purpose financial report prepared in order to satisfy the financial report preparation requirements of the Corporations Act 2001. The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial report is for Kremnizer Mortgage Fund a registered mortgage fund, domiciled in Australia.

New, revised or amending Accounting Standards and Interpretations adopted

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

Any significant impact on the accounting policies of the Fund from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Fund. The following Accounting Standards and Interpretations are most relevant to the Fund:

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial statements have been prepared under the historical cost convention. The report is also prepared on an accruals basis and is based on historic costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1.g.

Comparative figures

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

**KREMNIKER MORTGAGE FUND
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

(a) Income Tax

Under current Australian Income Tax Legislation, the Fund is not liable to income tax provided it distributes an amount to its beneficiaries equal to its taxable income for the year.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

(c) Revenue recognition

The fund collects the interest on mortgages as agent for the individual syndicates. To be consistent with the classification of mortgage investments as an asset of the fund, the related interest is disclosed as revenue of the fund. The interest received, which is distributed by the fund to individual syndicates, is disclosed as an expense of the fund. If interest is received in advance for the mortgagees, the fund remits the interest to the syndicate members under the terms of their syndicate SPDS. Accordingly, interest on mortgage investments is recognized as revenue on receipt or when earned. Interest paid to individual syndicates is treated as an expense when paid or accrued.

(d) Good and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the assets or as part of an item of the expenses. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

(e) Other Financial Assets

Mortgage investments shown in the Statement of Financial Position are not held collectively for all members of the fund. The Kremnizer Mortgage Fund is a syndicated mortgage fund whereby the individual syndicate members own each mortgage investment legally and beneficially. The mortgages are shown as assets of the fund; mortgage interest in relation to those mortgages has been shown as both income and expenditure of the fund. This income is fund property as defined in the Corporations Act 2001 but is derived by the individual syndicates in their own right.

Mortgage investments are tested for impairment and the losses on any, past or present, mortgage investments are reflected in these financial statements. Any impairment charge made either through the impairment or losses made at the realisation of a mortgage investment are borne by the members of the relevant syndicate and are directly accounted for as a reduction of the relevant amount payable to syndicate members.

(f) Funds received from Syndicate Members

Funds received from individual syndicate members are disclosed as liabilities. Transactions with syndicate members include any receipts of cash, conversions of cash interests to mortgage interests, any receipts from discharged mortgages and any reinvestment of proceeds from discharges. Transactions with syndicate members therefore include, at a minimum, an initial transaction when members invest cash, another transaction when a cash interest is converted to a mortgage interest, another transaction when the mortgage is discharged and a further transaction when the proceeds are returned to the relevant member. Transactions where a member invests, and without proceeding into a mortgage syndicate, then withdraws these funds are also reflected.

KREMNIKER MORTGAGE FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

(g) Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires the fund to exercise its judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i. Critical accounting estimates and assumptions

The fund makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, will seldom equal the related actual results. The estimates and assumptions used in the current year are disclosed in the above policies and the attached notes to the financial statements.

ii. Critical judgements in applying the funds accounting policies

In the process of applying the fund's accounting policies the fund makes various judgements, apart from those involving estimations. During the current year, the significant judgements are disclosed in the above policies and the attached notes to the financial statements.

NOTE 2. KEYMANAGEMENTPERSONNEL

(a) Directors

The names of the directors of the Responsible Entity are included in the director's report.

(b) Other key management personnel

Rhonda Galayini is the in-house counsel responsible for all activities of our in-house legal team. There are no other persons responsible for planning, directing and controlling the activities of the fund, directly or indirectly during the period.

(c) Remuneration

Key management personnel do not receive any remuneration directly from the fund. They receive remuneration from the Responsible Entity or its associated and/or related parties. Consequently, the Fund does not pay any compensation (as defined in Accounting Standard AASB 124 Related Parties) to its key management personnel.

KREMNIZER MORTGAGE FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
NOTE 3: REVENUE		
- Application Fees	6,561,785	6,590,184
- Interest and Fees from Mortgage loans	17,082,554	17,124,057
- Interest from Bank	511,464	18,338
- Impairment gain/(loss) on other financial assets	-	(275,000)
Total Revenue	<u>24,155,803</u>	<u>23,457,579</u>

NOTE 4: CASH & CASH EQUIVALENTS

Cash at Bank	<u>21,244,942</u>	<u>10,641,298</u>
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Reconciliation to cash at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balance as per statement of cash flows	<u>21,244,942</u>	<u>10,641,298</u>
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**KREMNIKER MORTGAGE FUND
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
NOTE 5: OTHER FINANCIAL ASSETS		
Mortgage Loans	230,387,000	201,161,201
Provision for impairment	(360,000)	(360,000)
	230,027,000	200,801,201
<i>Analysis of financial assets</i>		
Current	222,573,000	172,762,201
Non-Current	7,814,000	28,399,000
	230,387,000	201,161,201
<i>Mortgage loans comprise:</i>		
a) Mortgage loans past due and in arrears	1,855,000	5,478,000
b) Mortgage loans past due but not in arrears	4,363,000	17,828,701
c) Mortgage loans where a mortgagee has taken possession	4,371,000	4,621,000
d) Mortgage loans in arrears, but not past due	12,540,000	-
e) Conforming mortgage loans	207,258,000	173,233,500
	230,387,000	201,161,201

(a) Where a loan has passed the repayment date set out in the original borrowing agreement, without a new agreement to refinance the loan being issued, it is classified as past due. Where the borrower has failed to make one or more interest payments, and has not paid the amounts owing by 30 June 2023, the borrower is taken to be in arrears at this date.

(b) Where a loan has passed the repayment date set out in the original borrowing agreement, without a new agreement to refinance the loan being issued, it is classified as past due.

(c) Where a lender, whether it be a 3rd Party who also has a mortgage interest, or the responsible entity on behalf of the members, takes legal possession of the underlying security for the mortgage loan it is classified as a mortgage loan where a mortgagee has taken possession.

(d) Where a loan has not passed the repayment date set out in the borrowing agreement, but where interest payments were owed at 30 June 2023, it is classified as a mortgage loan in arrears but not past due.

(e) Where a loan has not passed the repayment date set out in the borrowing agreement, and the borrower has paid all interest amounts owing up to 30 June 2023, the loan is classified as a conforming mortgage loan.

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

KREMNIKER MORTGAGE FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
NOTE 6: TRADE & OTHER PAYABLES		
Trade & other payables	1,572,442	1,294,803
NOTE 7: MEMBERS FUNDS		
Members funds	250,059,500	210,507,696
Provision for impairment	(360,000)	(360,000)
	249,699,500	210,147,696
<i>Analysis of Members Funds</i>		
Current	242,245,500	182,108,696
Non-Current	7,814,000	28,399,000
	250,059,500	210,507,696
NOTE 8: RELATED PARTY TRANSACTIONS		
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Transactions with related parties:		
(i) Other Related Parties		
The Fund paid service fees to Baccus Investments Partnership (2022-Baccus Investments Limited and its related parties)	5,949,054	6,079,383
(ii) Directors of the responsible entity, their related entities and the responsible entity		
- Investments in mortgage loans to Kremnizer Mortgage Fund	6,031,000	4,680,000
- Interest paid on these loans during the year by Kremnizer Mortgage Fund	536,931	243,483
NOTE 9: CASH FLOW INFORMATION		
(a) Reconciliation of net cash provided by operating activities with profit for the year		
Profit for the year	580,970	555,403
<i>Changes in assets and liabilities:</i>		
Increase / (Decrease) in payables	86,258	236,207
Net cash provided by (applied to) operating activities	667,228	791,610

KREMNIER MORTGAGE FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 10: FINANCIAL RISK MANAGEMENT

The principal financial instruments of the Fund comprise of mortgage investments, payables, and Investors' funds. These expose the Fund to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

The Directors of the Responsible Entity manage the different types of risks to which the Fund is exposed to by considering risk and monitoring levels of exposure to interest rates and property values and by being aware of market forecasts and movements in interest rates and the property market. Ageing analysis and monitoring of specific credit allowances combined with strict procedures in relation to mortgage defaults are undertaken to manage credit risk. Liquidity risk is monitored within the Fund's Trust account.

Risk Exposures and Responses

(a) Interest Rate Risk

The fund's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. This relates mainly to the funds on call as interest rates on each individual mortgage are fixed for the term of the mortgage. The effect of volatility of interest rates within expected reasonable possible movements would not be material. The effective weighted average interest rate on those financial assets and financial liabilities are as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate		Non-Interest Bearing		Total	
	2023 %	2022 %	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
Financial Assets:										
Cash at bank	2.53	0.16	21,244,942	10,641,298	-	-	-	-	21,244,942	10,641,298
Other financial assets	8.27	6.99	-	-	230,027,000	200,801,201	-	-	230,027,000	200,801,201
Financial Liabilities:										
Creditors	-	-	-	-	-	-	1,572,442	1,294,803	1,572,442	1,294,803
Other Member Funds	7.13	5.68	-	-	249,699,500	210,147,696	-	-	249,699,500	210,147,696

(b) Foreign currency Risk

At 30 June 2023, the Fund had no exposure to foreign currency. All dealings are done in Australian dollars.

(c) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the balance sheet date, to recognized financial assets is the carrying amount of those assets, net of any provision for impairment, as disclosed in the statement of financial position and notes to the financial statements.

The fund does not have any material credit risk to any single debtor or group of debtors under financial instruments entered into by the fund.

KREMNIER MORTGAGE FUND
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

(d) Allowance for Impairment Loss

The Fund is not a pooled fund but a syndicate (or contributory) mortgage fund; therefore, impairment loss is limited to the members of an individual Syndicate Mortgage. Based on the current market value of collateral held, the directors have determined that impairment loss is required for three individual syndicates.

(e) Defaults in relation to financial assets

As at balance sheet date, the Fund had the following mortgage investments in default (i.e. past due for principal repayment). Over 80% of mortgage investments are for a term of 12 months or less:

	2023			2022		
	Number of mortgages	Gross Mortgage Value	Impairment	Number of mortgages	Gross Mortgage Value	Impairment
Past due 0-30 days	6	16,089,000	-	7	12,302,000	-
Past due 31-60 days	1	490,000	-	2	3,925,000	-
Past due 61-90 days	-	-	-	3	1,907,000	-
Past due 90 days to one year	2	3,595,000	-	4	3,450,000	-
More than one year	11	5,154,000	360,000	15	6,343,701	360,000
Total	20	25,328,000	360,000	31	27,927,701	360,000

The proportion of mortgage investments past due for principal repayment in relation to the total fund mortgages is 10.99% (2022: 13.88%) by value and 14.93% (2022: 23.13%) by number of loans.

The maturity date of each mortgage is registered into the Fund's mortgage management software and monitored on an ongoing basis. Default proceedings are delayed or are not commenced on mortgages where the mortgagor continues to pay interest and/or there is an agreement to renew the loan and/or mortgagees are happy to extend the loan on a month-to-month basis. In all other circumstances, default proceedings are commenced once a mortgage renewal extends past the maturity date by 60 days if they have not previously commenced. The Directors and the in-house counsel of the Responsible Entity meet on a weekly basis to review and monitor all defaults on an ongoing basis.

An allowance for impairment has been recognised in relation to any mortgage in default where evidence indicates that the loan exposure exceeds the available equity in the security held (less any anticipated costs associated with realising the security). Exposure to the impaired loan is limited to the mortgagees in that loan syndicate and is not shared across all syndicates.

(f) Capital Risk Strategy

The Fund manages its investors funds as capital, notwithstanding the investor funds are classified as a liability for the purposes of presentation of the financial statements. The Fund's objectives when managing capital are:

- To safeguard the individual member's interest in each Syndicate and the overall Fund.
- To continue as a going concern so that the Fund can continue to provide returns to the members and the Responsible Entity as disclosed in the Fund's PDS and individual Syndicate PDS.

KREMNIZER MORTGAGE FUND
ARSN 101 518 067
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 11: FAIR VALUE MEASUREMENT

The net fair value for financial assets and liabilities is the net fair value approximates the carrying value. No financial assets and financial liabilities are readily traded on organized markets in standardized form. The aggregate net fair values carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Fair value hierarchy

The following tables detail the Fund's assets and liabilities measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire value measurement, being:

Level 1: Quoted prices in active markets for identical assets of liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Fair value of financial assets and liabilities not carried at fair value

	Carrying Amount	Fair Value	Fair value hierarchy level
Trade and other receivables	-	-	3
Financial assets at amortised cost	\$230,387,000	\$230,027,000	3
Trade and other payables	\$1,572,442	\$1,572,442	3
Investors funds	\$250,059,500	\$249,699,500	3

The carrying value of cash and cash equivalents and trade & other payables approximate fair value.

NOTE 12: CAPITAL AND LEASING COMMITMENTS

There are no capital or leasing commitments in relation to the Fund as at 30 June 2023.

NOTE 13: CONTINGENT LIABILITIES

The directors of the Responsible Entity of the Kremnizer Mortgage Fund are not aware of any contingent liabilities relating to the Fund.

NOTE 14: AUDITORS REMUNERATION

All costs associated with the audit of the Fund are paid by the Responsible Entity.

NOTE 15: FUND DETAILS

The register office and principal place of business of the fund is Level 1, 369-371 New South Head Road, Double Bay NSW 2028.

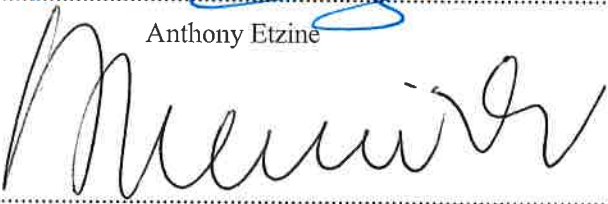
DIRECTORS' DECLARATION

The directors of Baccus Investments Limited declare that the financial statements and notes set out on pages 4 to 16 in accordance with the *Corporations Act 2001*:

- (a) comply with Australian Accounting Standards as detailed in Note 1 to the financial statements and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the financial position as 30 June 2023 and the performance for the financial year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
- In the directors' opinion there are reasonable grounds to believe that Kremnizer Mortgage Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Director 
Anthony Etzine

Director 
Robert Kremnizer ✍

Dated this 20 day of September 2023

**KREMNIKER MORTGAGE FUND
101 518 067
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF KREMNIKER MORTGAGE FUND**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kremnizer Mortgage Fund, which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the financial position as at 30 June 2023 and of its performance for the year then ended; 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 Fund 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.

**KREMNIZER MORTGAGE FUND
101 518 067
INDEPENDENT AUDITOR'S REPORT
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Other Information

The directors of the responsible entity are responsible for the other information. The other information comprises the information included in the director's report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the responsible entity 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 a 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 Fund'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 Fund 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 Fund's internal control.

KREMNIER MORTGAGE FUND
101 518 067
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF KREMNIER MORTGAGE FUND

- 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 fund'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 Fund 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.

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.



MARK GODLEWSKI
Partner

20 September 2023



PITCHER PARTNERS
Sydney