

Flinders Emerging Companies Fund

ARSN 607 268 048

Annual Report - 30 June 2024

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This financial statements covers Flinders Emerging Companies Fund as an individual entity.

Directors' report

The directors of Warakirri Asset Management Ltd, the Responsible Entity of Flinders Emerging Companies Fund ("the Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2024.

Principal activities

The Fund invests in Australian listed companies outside the S&P/ASX 100 Index and cash in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Investment Manager for the Fund is Flinders Investment Partners Pty Ltd.

The custodian for the Fund is Citigroup Pty Ltd.

The Responsible Entity of the Fund is Warakirri Asset Management Ltd.

The Fund did not have any employees during the year.

The Fund is registered with the Australian Securities and Investments Commission as a registered managed investment scheme with an assigned Australian Registered Scheme Number (ARSN) of 607 268 048.

There were no significant changes in the nature of the Fund's activities during the year.

Directors

The following persons held office as directors of Warakirri Asset Management Ltd during the year or since the end of the year and up to the date of this report:

WJ Lee	Chairman (appointed as Chairman on 1 July 2024)
JA Tongs	Non-Executive Director (resigned as Chairman on 1 July 2024)
JW Mckay	Managing Director
DJ Mangelsdorf	Non-Executive Director

Review and results of operations

During the year, the Fund continued to invest its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund's performance was 8.55% (2023: 7.96%) for Class A (net of fees) and 8.19% (2023: 7.24%) for Class B (net of fees) for the year ended to 30 June 2024. The Fund's benchmark, the S&P/ASX Small Ordinaries Accumulation Index returned 9.34% (2023: 8.45%) for the same period.

The performance of the Fund, as represented by the results of its operations, was as follows:

	Year ended	
	30 June 2024	30 June 2023
Operating profit/(loss) for the year (\$'000)	<u>10,948</u>	<u>9,161</u>
<i>Distributions - Class A</i>		
Distributions paid and payable (\$'000)	<u>395</u>	<u>313</u>
Distributions (cents per unit)	<u>1.82</u>	<u>2.21</u>
<i>Distributions - Class B</i>		
Distributions paid and payable (\$'000)	<u>963</u>	<u>1,442</u>
Distributions (cents per unit)	<u>1.25</u>	<u>1.44</u>

Directors' report (continued)

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the financial year under audit.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may have a significant effect on:

- (i) the operations of the Fund in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial years.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the Product Disclosure Statement and the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the officers of Warakirri Asset Management Ltd. So long as the officers of Warakirri Asset Management Ltd act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditor of the Fund is in no way indemnified out of the assets of the Fund.

Fees paid from the Fund to the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 13 to the financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the year.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 13 to the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 6 to the financial statements.

The value of the Fund's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Directors' report (continued)

Rounding of amounts to the nearest thousand

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

Auditor's independence declaration dollars

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

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



JW McKay
Managing Director

Melbourne
19 September 2024

19 September 2024

The Board of Directors
Flinders Emerging Companies Fund
Level 17, 140 William St
MELBOURNE VIC 3000

Dear Board Members

Auditor's Independence Declaration to Flinders Emerging Companies Fund

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Flinders Emerging Companies Fund.

As lead audit partner for the audit of the financial statements of Flinders Emerging Companies Fund for the financial year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Lani Cockrem
Partner
Chartered Accountants

Statement of profit or loss and other comprehensive income

	Notes	Year ended	
		30 June 2024 \$'000	30 June 2023 \$'000
Investment income			
Dividend and distribution income		2,534	3,149
Interest income		228	139
Net gains/(losses) on financial instruments at fair value through profit or loss	3	<u>10,354</u>	<u>8,297</u>
Total net investment income/(loss)		<u>13,116</u>	<u>11,585</u>
Operating expenses			
Management fees	13	1,449	1,631
Transaction costs		719	793
Total operating expenses		<u>2,168</u>	<u>2,424</u>
Profit/(loss) for the year		<u>10,948</u>	<u>9,161</u>
Operating profit/(loss) attributable to:			
Distributions to unitholders	7	(1,358)	(1,755)
Changes in net asset attributable to unitholders	6	<u>(9,590)</u>	<u>(7,406)</u>
Operating profit/(loss) for the year		<u>-</u>	<u>-</u>
Total comprehensive income attributable to:			
Comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>-</u>	<u>-</u>

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

Flinders Emerging Companies Fund
Statement of financial position
As at 30 June 2024

Statement of financial position

	Notes	Year ended	
		30 June 2024 \$'000	30 June 2023 \$'000
Assets			
Cash and cash equivalents	14(b)	4,015	6,734
Receivables	8	192	309
Due from brokers - receivable for securities sold		1,039	7,656
Financial assets at fair value through profit or loss	10	108,011	142,973
Total assets		<u>113,257</u>	<u>157,672</u>
Liabilities			
Payables	9	1,193	6,863
Due to brokers - payable for securities purchased		809	2,293
Total liabilities		<u>2,002</u>	<u>9,156</u>
Net assets attributable to unitholders - liability	6	<u>111,255</u>	<u>148,516</u>

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

Statement of changes in equity

In accordance with AASB 132 *Financial Instruments: Presentation*, the units issued by the Fund are puttable instruments and do not satisfy the exemption available for them to be classified as equity as they have units with different contractual features; therefore the units are classified as a financial liability.

Flinders Emerging Companies Fund
Statement of cash flows
For the year ended 30 June 2024

Statement of cash flows

	Notes	Year ended	
		30 June 2024 \$'000	30 June 2023 \$'000
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		203,521	206,514
Purchase of financial instruments at fair value through profit or loss		(153,072)	(223,440)
Transaction costs paid		(719)	(793)
Dividends and distributions received		2,547	3,328
Interest received		228	139
Management fees paid		(1,491)	(1,617)
GST received/(paid)		17	(15)
Net cash flows inflow/(outflow) operating activities	14(a)	<u>51,031</u>	<u>(15,884)</u>
Cash flows from financing activities			
Proceeds from applications by unitholders		43,404	71,748
Payments for redemptions by unitholders		(95,956)	(50,804)
Distributions paid to unitholders		(1,198)	(4,479)
Net cash flows inflow/(outflow) financing activities		<u>(53,750)</u>	<u>16,465</u>
Net change in cash and cash equivalents		(2,719)	581
Cash and cash equivalents at the beginning of the year		6,734	6,153
Cash and cash equivalents at the end of the year	14(b)	<u>4,015</u>	<u>6,734</u>
Non-cash operating and financing activities	14(c)	164	324

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

1 General information

These financial statements cover Flinders Emerging Companies Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 24 July 2015 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Responsible Entity of the Fund is Warakirri Asset Management Ltd (the "Responsible Entity"). The Responsible Entity's registered office is Level 17, 140 William Street, VIC 3000. The financial statements are presented in the Australian currency unless otherwise noted.

The Fund invests in Australian listed companies outside the S&P/ASX 100 Index and cash in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The financial statements were authorised for issue by the directors on the date the Directors' declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) 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* in Australia. The Fund is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and liabilities and net assets attributable to unitholders.

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

In the case of net assets attributable to unitholders, the units are redeemable on demand at the unitholders' option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

(i) Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Fund also complies with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Fund

The Fund have applied the following standards and amendments for the first time for their financial year beginning 1 July 2023:

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2].

The amendments have had an impact on the Fund's disclosures of accounting policies, including the requirement to disclose 'material' rather than 'significant' accounting policies, but there is no impact on the measurement, recognition or presentation of any items in the Fund's financial statements.

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(ii) New and amended standards adopted by the Fund (continued)

None of the other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2023 have a material impact on the amounts recognized in the prior periods or will affect the current or future periods.

(iii) New standards and interpretations not yet adopted

There are no standards that are not yet effective and that are expected to have a material impact on the Funds in the current or future reporting periods and on foreseeable future transactions.

(b) Financial instruments

(i) Classification

- Financial assets

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The Fund classifies its financial assets based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Fund's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For cash and cash equivalents and receivables, these assets are held in order to collect the contractual cash flows and the contractual terms of these assets give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (due to brokers, distributions payable, management fees payable, redemption payable and performance fees payable).

(ii) Recognition and derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from this date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged, cancelled or expired.

(iii) Measurement

- Financial instruments at fair value through profit or loss

At initial recognition, the Fund measures a financial asset and a financial liability at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss and other comprehensive income.

2 Summary of material accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement (continued)

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured according to their classification.

For further details on how the fair value of financial instruments is determined please see Note 12 to the financial statements.

(iv) Financial instruments at amortised cost

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured using the effective interest rate method less any allowance for expected credit losses.

Cash and cash equivalents, due from brokers and receivables are carried at amortised cost.

(v) Impairment

The impairment allowance for financial assets (other than those measured at fair value through profit and loss) is measured using the simplified approach based on its lifetime credit loss.

(vi) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Fund has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

As at the end of the reporting period, there are no financial assets or liabilities offset or with the right to offset in the statement of financial position.

(c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option; however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The units are classified as financial liabilities as the Fund is required to distribute its distributable income in accordance with the Fund's Constitution.

The units can be put back to the Fund at any time for cash based on the redemption price which is equal to a proportionate share of the Fund's net asset value attributable to the unitholders.

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the units back to the Fund.

(d) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term highly liquid investments, with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

2 Summary of material accounting policies (continued)

(e) Investment income

Interest income is recognised in the statement of profit or loss and other comprehensive income as it accrues.

Dividend income is recognised in the statement of profit or loss and other comprehensive income on the ex-dividend date.

Trust distributions are recognised on an entitlement basis.

(f) Expenses

All expenses are recognised in the statement of profit or loss and other comprehensive income on an accruals basis.

(g) Income tax

Under the AMIT regime, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unitholders. The benefits of any imputation credits and foreign tax paid are passed on to unitholders.

(h) Distributions

The Fund may distribute its distributable income, in accordance with the Fund's Constitution, to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

(i) Changes in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. As the Fund's units are classified as financial liabilities, movements in net assets attributable to unitholders are recognised in the statement of profit or loss and other comprehensive income as finance costs.

(j) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and are recognised initially at fair value and subsequently measured at amortised cost.

(k) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at balance date.

Investment trades are recorded on trade date, and normally settled within two business days. Purchases of financial instruments that are unsettled at the reporting date are included in payables.

The distribution amount payable to unitholders as at the balance date is recognised in the statement of financial position.

(l) Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

2 Summary of material accounting policies (continued)

(m) Goods and Services Tax ("GST")

The GST incurred on the costs of various services provided to the Fund by third parties such as management, administration and custodian services where applicable, have been passed on to the Fund. The Fund qualifies for Reduced Input Tax Credits ("RITC") at a rate of at least 55%. Hence, fees for these services and any other expenses have been recognised in the statement of profit or loss and other comprehensive income net of the amount of GST recoverable from the Australian Taxation Office ("ATO"). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(n) Use of estimates and judgements

In the process of preparing the financial statements of the Trusts and in the application of the Trusts' accounting policies, the Responsible Entity is of the opinion that there are no areas of significant estimation uncertainty or material judgement that have been exercised and is expected to have a significant effect on the amounts recognised within the financial statements.

For more information on how fair value is calculated refer to Note 12 to the financial statements.

(o) Rounding of amounts

The Fund is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

3 Net gains/(losses) on financial instruments at fair value through profit or loss

Net gains/(losses) arising from changes in the fair value measurement comprise:

	Year ended	
	30 June 2024 \$'000	30 June 2023 \$'000
Net realised gain/(loss) on financial assets at fair value through profit or loss	(317)	(14,879)
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	10,671	23,176
Net gains/(losses) on financial instruments at fair value through profit or loss	10,354	8,297

4 Indirect cost ratio (ICR)

The ICR calculation includes fees charged to the Fund during the financial year, and Responsible Entity fees charged directly to the unitholder for management of the assets.

Expenses excluded from the ICR calculation are those that would ordinarily have been incurred by a direct investment in the underlying assets of the Fund such as brokerage, transaction costs and government taxes.

The ICR of each unit class of the Fund is calculated using average net assets on a monthly basis.

	Year ended	
	30 June 2024 \$'000	30 June 2023 \$'000
Class A		
Responsible Entity management fees incurred directly	<u>241</u>	<u>115</u>
Total ICR related expenses	<u>241</u>	<u>115</u>
Average net assets	<u>30,748</u>	<u>15,323</u>
ICR	%	%
Before performance fees	0.78	0.75
After performance fees	0.78	0.75

	Year ended	
	30 June 2024 \$'000	30 June 2023 \$'000
Class B		
Responsible Entity management fees incurred directly	<u>1,208</u>	<u>1,516</u>
Total ICR related expenses	<u>1,208</u>	<u>1,516</u>
Average net assets	<u>110,293</u>	<u>138,215</u>
ICR	%	%
Before performance fees	1.10	1.10
After performance fees	1.10	1.10

The ICR of the Fund is calculated using average net assets on a monthly basis.

5 Auditor's remuneration

Audit fees of \$13,703 (30 June 2023: \$12,808) were paid by the investment manager, Flinders Investment Partners Pty Ltd. The fees are stated exclusive of GST.

Audit services were provided by Deloitte Touche Tohmatsu.

6 Net assets attributable to unitholders - liability

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

	Year ended		Year ended	
	30 June 2024 Units'000	30 June 2024 \$'000	30 June 2023 Units'000	30 June 2023 \$'000
Class A				
Opening balance	19,011	25,971	3,525	4,532
Applications	9,643	13,316	16,186	22,426
Redemptions	(10,864)	(15,324)	(717)	(988)
Reinvestment of distributions	16	23	17	23
Increase/(decrease) in net assets attributable to unitholders	-	2,086	-	(22)
Closing balance	17,806	26,072	19,011	25,971
Class B				
Opening balance	92,445	122,545	97,465	121,824
Applications	22,391	30,001	36,599	48,794
Redemptions	(55,008)	(75,008)	(41,849)	(55,802)
Reinvestment of distributions	102	141	230	301
Increase/(decrease) in net assets attributable to unitholders	-	7,504	-	7,428
Closing balance	59,930	85,183	92,445	122,545
		111,255		148,516

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund.

There are two separate classes of units. Each unit within the same class has the same rights as all other units within that class. Each unit class has a different management fee rate.

Units are redeemed on demand at the unitholder's option. However, holders of these instruments typically retain them for the medium-to-long term. As such the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding that net assets attributable to unit holders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Fund's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders.

7 Distributions to unitholders

The distributions for the year were as follows:

	Year ended		Year ended	
	30 June 2024 \$'000	30 June 2024 CPU	30 June 2023 \$'000	30 June 2023 CPU
Class A				
Distributions paid - December	236	0.93	143	1.32
Distributions payable - June	159	0.89	170	0.89
	<u>395</u>	<u>1.82</u>	<u>313</u>	<u>2.21</u>
Class B				
Distributions paid - December	625	0.69	1,026	0.99
Distributions payable - June	338	0.56	416	0.45
	<u>963</u>	<u>1.25</u>	<u>1,442</u>	<u>1.44</u>
Total distributions	<u>1,358</u>		<u>1,755</u>	

8 Receivables

	Year ended	
	30 June 2024 \$'000	30 June 2023 \$'000
Dividends/distributions receivable	76	89
Applications receivable	82	169
Other receivables	34	51
Total payables	<u>192</u>	<u>309</u>

9 Payables

	Year ended	
	30 June 2024 \$'000	30 June 2023 \$'000
Distributions payable	470	474
Management fees payable	89	131
Redemptions payable	634	6,258
Total payables	<u>1,193</u>	<u>6,863</u>

10 Financial assets at fair value through profit or loss

	30 June 2024 \$'000	As at 30 June 2023 \$'000
Listed equities	107,731	140,745
Listed unit trusts	280	2,228
Total financial assets at fair value through profit or loss	108,011	142,973

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in Note 11 and Note 12 to the financial statements.

11 Financial risk management

The Fund's activities expose it to a variety of financial risks including market risk (which incorporates price risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement and the investment guidelines of the Fund. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund's policy allows it to use derivative financial instruments in managing its financial risks.

The investments of the Fund, and associated risks, are managed by a specialist Investment Manager, Flinders Investment Partners Pty Limited under an Investment Management Agreement (IMA) approved by the Responsible Entity and containing the investment strategy and guidelines of the Fund, consistent with those stated in the Product Disclosure Statement.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

(a) Market risk

(i) Price risk

The Fund is exposed to price risk on equity securities listed or quoted on recognised securities exchanges. Price risk arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

Price risk is managed with specific risk controls. Individual position weights generally do not exceed 5% of the portfolio. A concentration of 5% in a stock would normally trigger a reduction in the percentage held. Portfolios are also diversified by investment themes and by sector. The Sub Investment Manager's investment and compliance teams monitor the portfolio on a daily basis to ensure compliance with investment guidelines.

The table at Note 11(b) summarises the sensitivities of the Fund's assets and liabilities to price risk. The analysis is based on the reasonably possible shift that the investment portfolio in which the Fund invests moves by +/-10% (2023 +/-10%).

(ii) Interest rate risk

Interest rate risk management is undertaken by maintaining as close to a fully invested position as possible thus limiting the exposure of the Fund to interest rate risk.

11 Financial risk management (continued)

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates, interest rates and the historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

	Impact on operating profit/net assets attributable to unitholders	
	-10% \$'000	+10% \$'000
As at 30 June 2024	(10,801)	10,801
As at 30 June 2023	(14,298)	14,298

(c) Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay its obligations in full when they fall due, causing a financial loss to the Fund.

The Fund does not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The main concentration of credit risk, to which the Fund is exposed, arises from cash and cash equivalents and amounts due from brokers balances. None of these assets are impaired nor past their due date. The maximum exposure to credit risk at the reporting date the carrying amount of cash and cash equivalents and amounts due from brokers.

(d) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Exposure to liquidity risk for the Fund may arise from the requirement to meet daily unitholder redemption requests or to fund foreign exchange related cash flow requirements.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders. The Fund did not reject or withhold any redemptions during 2024 and 2023.

The Fund always holds less than 10% cash. Normally, the Fund holds between 3-5% cash. During the recent market volatility it held over 5% for short periods of time. Given the modest size of the fund and the average market capitalisation of the stocks held in the portfolio is approximately \$1 billion, liquidation of the portfolio can be done reasonably rapidly.

In periods of significant market volatility, the fund's liquidity is monitored daily and the Investment Manager will report on the issues if requested.

11 Financial risk management (continued)

(d) Liquidity risk (continued)

(i) Maturities of non-derivative financial liabilities

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Units are redeemed on demand at the unitholders' option. However, the Responsibility Entity does not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

As at 30 June 2024	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	Total \$'000
Distributions payable	470	-	-	-	470
Due to brokers - payable for securities purchased	809	-	-	-	809
Payables	723	-	-	-	723
Net assets attributable to unitholders	<u>111,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,255</u>
Contractual cash flows	<u>113,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,257</u>

As at 30 June 2023	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	Total \$'000
Distributions payable	474	-	-	-	474
Due to brokers - payable for securities purchased	2,293	-	-	-	2,293
Payables	6,389	-	-	-	6,389
Net assets attributable to unitholders	<u>148,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,516</u>
Contractual cash flows	<u>157,672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,672</u>

12 Fair value measurement

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis.

- Financial assets/liabilities at fair value through profit or loss (see Note 10)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

12 Fair value measurement (continued)

(a) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Fund is the current last traded price; the quoted market price for financial liabilities is the current last traded price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(b) Recognised fair value measurements

The tables below present the Fund's financial assets and liabilities measured and recognised at fair value as at 30 June 2024 and 30 June 2023.

As at 30 June 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Listed equities	107,731	–	–	107,731
Listed unit trusts	<u>280</u>	<u>–</u>	<u>–</u>	<u>280</u>
Total financial assets	<u>108,011</u>	<u>–</u>	<u>–</u>	<u>108,011</u>

As at 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Listed equities	140,745	–	–	140,745
Listed unit trusts	<u>2,228</u>	<u>–</u>	<u>–</u>	<u>2,228</u>
Total financial assets	<u>142,973</u>	<u>–</u>	<u>–</u>	<u>142,973</u>

(c) Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

(d) Financial instruments not carried at fair value

The carrying value of cash, receivables and payables are assumed to approximate their fair values.

Net assets attributable to unit carrying value differs from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current or prior year.

13 Related party transactions

The Responsible Entity of Flinders Emerging Companies Fund is Warakirri Asset Management Ltd. Accordingly, transactions with entities related to Warakirri Asset Management Ltd are disclosed below.

The Responsible Entity has contracted services to Flinders Investment Partners Pty Ltd, to act as Investment Manager and Citigroup Pty Limited to act as Administrator, Unity Registry and Custodian for the Fund. The contracts are on normal commercial terms and conditions.

(a) Key management personnel

(i) Directors

The following persons held office as directors of Warakirri Asset Management Ltd during the year or since the end of the year and up to the date of this report:

WJ Lee	Chairman (appointed as Chairman on 1 July 2024)
JA Tongs	Non-Executive Director (resigned as Chairman on 1 July 2024)
JW Mckay	Managing Director
DJ Mangelsdorf	Non-Executive Director

(ii) Other key management personnel

There were no other key management personnel with responsibility for planning, directing and controlling activities of the Fund, directly or indirectly during the financial year.

(b) Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

(c) Key management personnel unitholdings

Any investment by key management personnel into respective Funds is under the same standard terms for investors stipulated in each information memorandum.

(d) Key management personnel compensation

Key management personnel are paid by the parent company of the Responsible Entity. Payments made from the Fund to Warakirri Asset Management Ltd do not include any amounts directly attributable to the compensation of key management personnel.

(e) Key management personnel loans

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to key management personnel or their personally related entities at any time during the reporting period.

(f) Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial year and there were no material contracts involving key management personnel's interests existing at year end.

13 Related party transactions (continued)

(g) Responsible Entity fees, Investment Manager's fees and other transactions

Under the terms of the Fund's Constitution and the Product Disclosure Statement for the Fund, the Responsible Entity and the Investment Manager are entitled to receive management fees.

The transactions during the year and amounts payable at year end between the Fund, and the Responsible Entity and the Investment Manager were as follows:

	Year ended	
	30 June 2024	30 June 2023
	\$	\$
Management fees for the year	1,449,039	1,631,341
Management fees payable at year end	89,449	131,582

For information on how management and performance fees are calculated please refer to the Fund's Product Disclosure Statement.

The management fees borne by the Fund are paid to the Investment Manager, who in turn provides the on-payment of the fees to the respective service providers.

(h) Related party unitholdings

Any investment by related parties into respective Funds is under the same standard terms for investors stipulated in each information memorandum.

14 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	
	30 June 2024	30 June 2023
	\$'000	\$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Increase/(decrease) in net assets attributable to unitholders	9,590	7,406
Distributions to unitholders	1,358	1,755
Net (gains)/losses on financial instruments at fair value through profit or loss	(10,354)	(8,297)
Proceeds from sale of financial instruments at fair value through profit or loss	203,521	206,514
Purchase of financial instruments at fair value through profit or loss	(153,072)	(223,440)
Net change in receivables	30	164
Net change in payables	(42)	14
Net cash inflow/(outflow) from operating activities	51,031	(15,884)

14 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities (continued)

	Year ended	
	30 June 2024 \$'000	30 June 2023 \$'000
(b) Components of cash and cash equivalents		
Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the statement of financial position as follows:		
Cash and cash equivalents	4,015	6,734
(c) Non-cash operating and financing activities		
The following distribution payments were satisfied by the issue of units under the distribution reinvestment plan		
	164	324
Total non-cash operating and financing activities	164	324

As described at Note 2(i), income not distributed is included in net assets attributable to unitholders. The change in this amount each year (as reported in (c) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

15 Events occurring after the reporting period

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

16 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2024 and 30 June 2023.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 6 to 24 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the Fund's financial position as at 30 June 2024 and of its performance, for the financial year ended on that date.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (c) Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors of Warakirri Asset Management Ltd through a delegated authority given by Warakirri Asset Management Ltd's Board.



Mr JW McKay
Director

Melbourne
19 September 2024

Independent Auditor's Report to the Unitholders of Flinders Emerging Companies Fund

Opinion

We have audited the financial report of Flinders Emerging Companies Fund (the "Fund") which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Fund's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- 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 & 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises Directors' report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 Company are responsible:

- For the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Fund in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Fund and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or has 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 judgement 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.
- 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Lani Cockrem

Lani Cockrem
Partner
Chartered Accountants

Melbourne, 19 September 2024