STRONGER WITH
CAPRICORN®

2024 ANNUAL REPORT

For the Year Ended 30 June 2024

Contents

Who is Capricorn?

Capricorn Society was established in 1974 to support business owners in the automotive aftermarket industry. Now, 50 years later, Capricorn has over 29,000 Members across Australia and New Zealand, including mechanical workshops, collision repairers and auto electricians.

Capricorn offers a range of competitive financial services products, including its flagship trade account that connects Members with over 2,000 Preferred Suppliers.

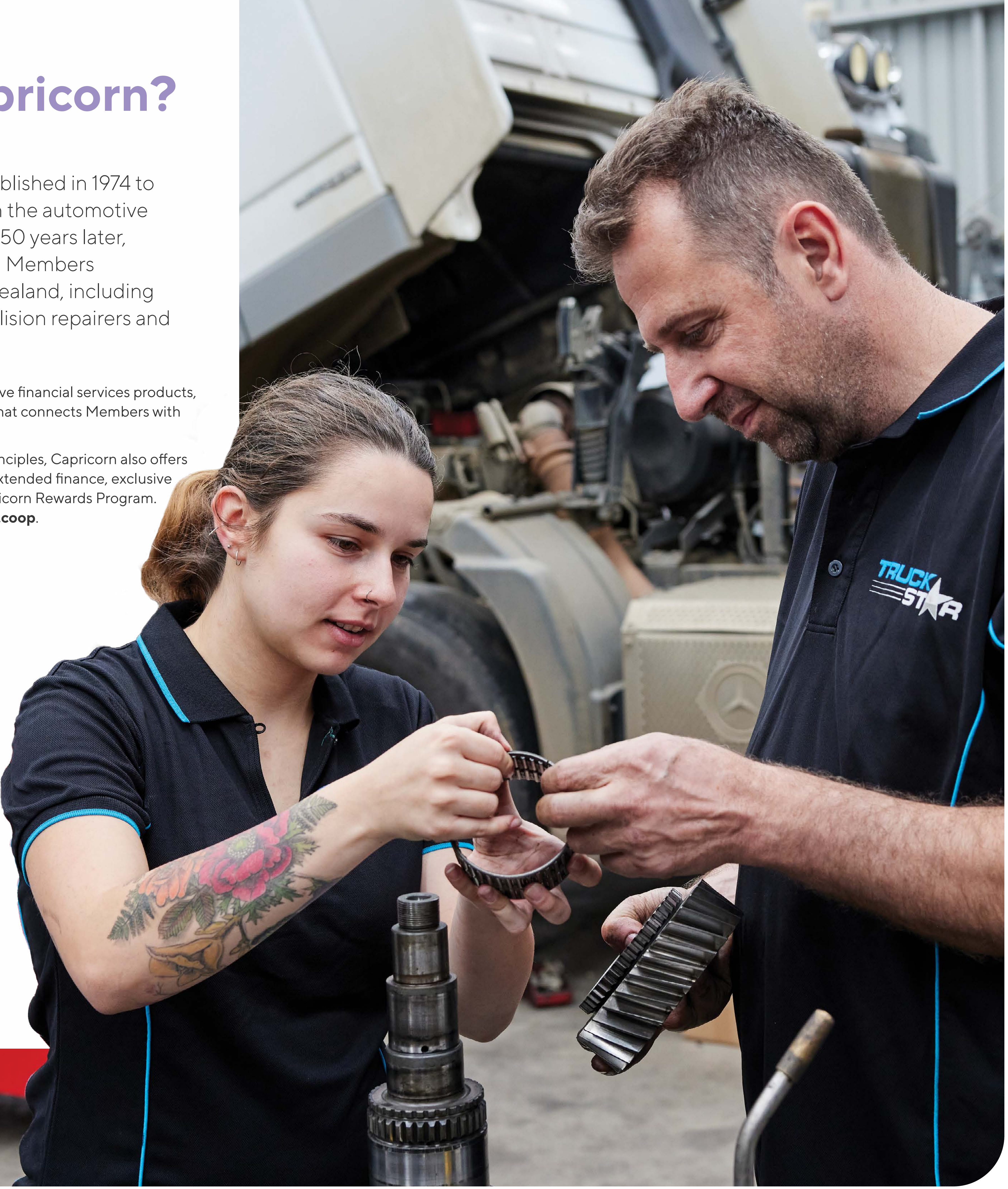
Proudly operating by cooperative principles, Capricorn also offers Members access to risk protection, extended finance, exclusive industry events and a generous Capricorn Rewards Program. For more information, visit **capricorn.coop**.

Our Vision:

One Capricorn empowering our community to thrive.

Our Purpose:

To improve the lives of Members by supporting them in building stronger businesses.



Capricorn is...

Our Members

Small to medium businesses in the automotive aftermarket industry, including mechanical workshops, collision repairers, auto electrical, commercial trucks, tyre and suspension and many more across Australia and New Zealand.

Being serviced by...

Our Preferred Suppliers

Giving Members access to everything they need to run their business.

Supported by...

Capricorn

Connecting businesses in the industry and offering outstanding customer service, products and networking events.

Overview

29,317
Capricorn Members

- 23,847 Australia
- 5,470 New Zealand

2,165
Capricorn Preferred Suppliers

3,545
New Capricorn Members

$3.73b
Member purchases from Preferred Suppliers

519
Employees

Chair's Welcome

Welcome to Capricorn's 2023-24 Annual Report.

After five years, this is my last annual report as Chair. I'm pleased to be stepping down at a time when our cooperative is in the best shape of its 50-year history.

Capricorn was lucky to survive some of the challenges its founders faced in the early years. The success of the business model, what it has done for the industry, the community of Members it has created, and the support it provides independent workshops cannot be understated. It is an amazing organisation, and I am very proud to have been a part of it.

2023-24 has been a particularly strong year for the cooperative. Our overall Capricorn Society profit after tax was $34.9 million, up from $31.0 million in 2023. As a result, I'm pleased to report that a dividend of $15.3 million will be shared with Members.

Member purchases from Preferred Suppliers reached $3.7 billion this financial year—up 9.8% on 2023's result of $3.4 billion.

But the headline figures are only ever part of the picture. In calculating the value of our returns to Members, Capricorn considers both monetary and non-monetary benefits (we call it "Member Value Return", or MVR).

In 2024 we returned $92.3 million in value to Members (up from $82.8 million in 2023) which equates to an MVR of 27%. That means for every dollar invested in Capricorn, you receive a 27% return.

During the year, Capricorn paid $14.6 million to shareholders, being the 7c dividend per share declared for the year ended 30 June 2023.

Capricorn's Risk division also had another year of strong growth. Capricorn Risk Services wrote $143.0 million in gross protection for Capricorn Mutual Limited (up from $121.9 million in 2023).

David will talk more in his report about the results for Capricorn Rewards Points, CAP ezi-finance and Capricorn Travel, but I wanted to note here that it's great to see so many Members using loans from Capricorn to invest heavily in equipment to grow their businesses.

This year the industry has also seen more apprentices come through as Members take advantage of government incentives to tackle the skills shortage and train the next generation. It's wonderful to see Members facing this challenge head-on and working to grow both their businesses and our industry's pool of talent.

As ever, the Capricorn team has been working tirelessly in the background for Members. In 2023-24 in particular we've introduced a range of strong cybersecurity measures to protect both your data and ours, in a bid to stop security breaches, identity theft and other types of cybercrime.

I'll be stepping down as Chair in October and will remain on the Board for another year. But as this is my last annual report, it feels right to reflect on the achievements of the past decade I've been a Capricorn Board Director.

I'm proud of the extent to which we've been able to give back to Members—through rebates, dividends and Rewards Points. I'm also proud of the benefits we've been able to make available to Members—such as access to free data through Capricorn Service Data (powered by Autodata) and introducing Repairify to help Members with remote diagnostics and the ability to complete ADAS calibrations to manufacturer specifications.

I feel particular pride in the work we have done to prepare Capricorn and our Members for the challenges that lay ahead. With the switch to electrification, we face the biggest technological upheaval in transportation since the leap from horses to engines. Capricorn has a vital role to play in helping independent workshops make that transition. Our focus on these industry challenges will ensure not only Members but Capricorn itself continues to thrive for another 50 years.

Finally, thank you to my fellow Board Directors for their hard work and support during 2023-24. Particular thanks to Bruce Rathie and Peter Stewart, who are standing down after years of outstanding service to the Capricorn board, and to David Fraser, who has been an exceptional Group CEO. David has stewarded a great period of growth and success for our cooperative. We have been lucky to have him.

Thank you to the Executive Leadership Team and all our staff for their support and the support they offer our Members. I wish them, and incoming Group CEO Brad Gannon, all the best for the coming year.

Mark Cooper
Chairman

"I'm proud of the extent to which we've been able to give back to Members—through rebates, dividends and Rewards Points... **I feel particular pride in the work we have done to prepare Capricorn and our Members for the challenges that lay ahead."**

CEO’s Welcome

2024 marks not just 50 Years Strong, it also marks Capricorn’s strongest year ever.

Those 17 founding fathers who came together back in 1974 to pool their buying power and break the stranglehold on parts supplies could never have envisaged (although they would have hoped) that half a century later, 29,000 independent workshops around Australia and New Zealand would spend more than $3.7 billion on their Capricorn Trade Accounts in a single year. What a journey it has been.

Those early years were touch and go. Capricorn nearly folded several times. Yet here we are—not just alive, but thriving—and still delivering on our core mission every single day by helping our Members build stronger businesses.

This year we’ve welcomed 3,545 new Members, which is a testament to the value Members feel Capricorn creates in their businesses.

We are a community. Never was that clearer to me than at our convention this year, when a number of Members and Preferred Suppliers joined us in Hawaii. I know those who attended got as much out of the informal opportunities to chat and swap stories as they did from the formal opportunities to learn from the keynote speaker.

Our galas around Australia and New Zealand celebrating 50 Years Strong are another opportunity for our community to come together, swap stories and learn from each other. For me, they’re also a valedictory lap and lovely way to say thank you to Members as I step down as Group CEO.

It’s gratifying to be ending my 18 years with Capricorn knowing it is in excellent shape. Almost $56.6 million in Capricorn Rewards Points were earned in 2024. I’m pleased to announce a trade rebate of $18.5 million will be paid to Members for Capricorn Trade Account purchases made throughout the year. This rebate will be issued as Rewards Points on your September 2024 statement. This year we also launched Rewards+, giving Members even more flexibility in how they spend their Rewards Points.

In the past financial year, CAP ezi-finance provided equipment and vehicle loans worth $79.8 million, up from $49.8 million in 2023.

We’ve also helped Members get away for a well-earned break. In 2023-24 Capricorn Travel booked $8.0 million in holidays during the year.

Something else our founding fathers might not have envisaged is the way Capricorn has become a cheerleader for our industry, for our Members, and for cooperative principles around the world. We have a real role to play not just in celebrating and promoting our industry, but in making a difference to the issues that matter to our Members and their businesses. It’s why we’ve partnered with the Motor Trades Association of Queensland this year to deliver a series of careers expos, to get young people excited about careers in automotive. These expos have been very successful and we’re looking to roll out the program across Australia and New Zealand in the coming period.

It’s also why we celebrate talent through our Rising Stars Award. This year’s winning apprentice was Megan Toia of Badgingarra Motors—a small workshop in a tiny town in Western Australia’s remote Midwest. A real talent and a great character, Megan is an industry leader of the future and a great advocate for automotive careers.

Capricorn’s growth in recent years meant we finally outgrew our old offices in West Perth. We made the decision to relocate to the Perth CBD. This move will help us attract and retain the best talent and has allowed us to switch to an activity-based working model, which is much more flexible for our teams. The new office also puts us right at the heart of the city with all the decision-makers, including the Chamber of Commerce and various government departments. This strategic decision will lead to even better results for Members.

Finally, this is my last annual report as Group CEO of Capricorn. Making the decision to retire wasn’t easy, particularly given Capricorn is in the best shape of its 50-year history and has such an exciting future ahead. I’ve loved every minute of it here and it has been the privilege of my career to lead such a great team of people, delivering such incredible results for our Members. From January 2025, Brad Gannon will be your Group CEO. He is an extremely capable pair of hands working at Capricorn on our Executive for 16 years including for the last 5 years as CEO Automotive. I know he will steer the ship to yet more greatness.

Thank you to our Board, the Executive Team, our people, our Members and everyone else in the Capricorn community—for your faith in me and Capricorn. My best wishes to you all.

David Fraser
Group CEO

Our Directors

Mark Cooper

VIC/TAS (Chair)
GAICD, Grad. Cert. Comm

Mark became a member of Capricorn Society in 1995 and was first elected to the Board in October 2013. He became Chair of the Board in 2019. Mark is a member of Capricorn's Remuneration and Nomination Committee and Digital and Transformation Committee. Mark is also a Director of Capricorn Mutual Ltd.

Mark has been involved in the automotive industry for over 40 years and currently owns and operates a number of mechanical service and repair businesses.

Mark has completed a marketing and financing independent business course, a Certificate IV in Small Business Management and obtained a Graduate Certificate in Commercialisation from the University of Tasmania. Mark is a Director of several family-owned companies and currently sits on the Executive Committee of the TACC (Tasmanian Automotive Chamber of Commerce).

Peter Stewart

SA/NT Director
Dip.Auto, Dip.T, Adv.Dip.T, MMIAME, GAICD

Peter joined the Capricorn Board in 2015. Peter is a member of Capricorn's Audit and Risk Committee and the Capricorn Relationship Committee. Peter has previously served on the Capricorn Remuneration and Nomination Committee, including serving as Chair from 2018 to October 2020.

Peter has been involved in the automotive industry for over 24 years. He sits on a number of automotive industry committees. Peter has been a Capricorn Member since 1999 and is currently a Master Member of the IAME, Deputy Chair of the MTA (SA) Automotive Repair Division Committee, a member of the Industry Advisory Council of the MTA (SA), and a member of the RAA Approved Repairers Committee.

Lydia Stjepanovic

NSW/ACT Director
BCom, GAICD

Lydia was elected to the Board in 2021 and is Chair of Capricorn's Remuneration and Nomination Committee. Lydia also serves on the Digital and Transformation Committee and was previously a member of Capricorn's Audit and Risk Committee and the Capricorn Relationship Committee.

Lydia is a second-generation automotive services business owner with a Bachelor of Business and Commerce (Management) from the University of Western Sydney and an Advanced Diploma in Business (Marketing) from Macleay College.

Lydia grew up within the automotive industry as the daughter of an auto electrician. Lydia has been involved with the industry her entire life in one capacity or another.

Mark Rowe

QLD Director
GAICD

Mark has run his own business for 25 years. Mark has been a Capricorn Member since 1999 and was first elected to the Board in October 2022. Mark is a member of the Capricorn Remuneration and Nomination Committee, the Digital and Transformation Committee and the Capricorn Relationship Committee. Mark served as a member of Capricorn's Audit and Risk Committee from October 2022 to October 2023.

Mark has previous Board and Committee experience including being a current Vice President of VASA, a non-profit organisation representing the technicians, professional service centres, suppliers and original equipment manufacturers of the automotive air conditioning, electrical and thermal management industry in Australia and New Zealand. Mark is also a member of the Beaudesert Chamber of Commerce.

Nigel Oborne

WA Director

Nigel has 34 years of automotive industry experience. He has been a Capricorn Member for 26 years and was first elected to the Board in October 2022. Nigel is a member of Capricorn's Audit and Risk Committee.

Nigel is the currently the national representative of AASDN (Australian Automotive Service Dealers Network) and is also a WA representative for the Automotive Repairers Council of Australia.

Nigel has previous committee experience working with the Bosch Service Council of WA, the Australian Bosch Service Dealers Network and as Chair of the OTRA (on the road again tours charity group).

James Candish

NZ Director

James joined the Capricorn Board in 2023 and was appointed as a member of Capricorn's Audit and Risk Committee and the Capricorn Relationship Committee.

James has been a successful mechanical services business owner in Ashhurst for the last 16 years and is currently the Central west Regional Chair for the MTA. James is also actively serving in roles within his local school Board and Parent Teacher Association.

A passion for industry teaching and apprentice training has driven James to address critical issues in this area through collaboration with local training institutes.

Bruce Rathie

Independent Director
B.Comm, LLB, MBA, FIML, FAICD, FGIA, Grad Dip CSP, SA Fin

Bruce was appointed to the Capricorn Board in July 2008 as an Independent Director. Bruce also served as Vice Chair to the Board from 2015 to 2018. Bruce is a member of Capricorn's Audit and Risk Committee, previously serving as Chair from 2021 to 2023. Bruce is also a Director of Capricorn Mutual Ltd, acting as Chair until June 2023.

Bruce is currently a non-executive director of ASX listed PolyNovo Limited and ASX listed Cettire Limited. He is also currently Chair of ASX listed The Market Limited and ASX listed CleanSpace Holdings Limited. Prior to commencement of his professional governance career in 2000, he had successful careers in private legal practice and then investment banking.

Mario Pirone

Independent Director
B.Bus, Grad. Dip. Bus, FCPA

Mario joined the Capricorn Board in July 2014 as an Independent Director. Mario became Chair of Capricorn's Audit and Risk Committee in October 2023 and has previously served as a member of the Remuneration and Nomination Committee and the Digital and Transformation Committee. Mario also served as Vice Chair to the Board from 2019 to 2022.

Mario is also Director and Chair of the Capricorn Mutual Board.

Mario brings over 26 years' experience as a senior executive and director in large and complex organisations. Mario has enjoyed a lengthy career in the general insurance, funds management and financial services fields. Mario was formerly CEO of the Guild Group (2009 to 2022), CEO of CGU Insurance (2004-2008) and a Senior Group Executive with Insurance Australia Group (1999-2008).

Mario has also held a number of non-executive directorships over the past 11 years.

Donna Vinci

Independent Director
GAICD, FGIA, MACS-Snr

Donna joined the Capricorn Board in 2019 and is a member of Capricorn's Remuneration and Nomination Committee. Donna also chairs Capricorn's Relationship Committee and Digital and Transformation Committee. Donna has previously served as a member of the Audit and Risk Committee.

Donna's extensive experience in board directorships and executive roles across strategy, business, operations, risk management, governance, data, digital technology and her track record of delivering digital disruption and transformation projects for major financial services organisations globally enables her to play a key role in business transformation as we continue to integrate human and digitisation for our business to create new customer experiences and making a societal impact.

In addition to her directorship at Capricorn, Donna currently serves as a Non-executive Director at Western Sydney Airport, at Newcastle Greater Mutual Group, Hunter Water, MS Plus and Oakhill College and is a strategic advisor.

Donna is a graduate of the Australian Institute of Company Directors, is a Fellow with the Governance Institute of Australia and a graduate in ESG Leadership. Donna was awarded Cisco's Women in IT, 2019, CIO of the Year Award.

This year we've welcomed **3,545 new Members**, which is a testament to the value Members feel Capricorn creates in their businesses.

David Fraser, Capricorn Group CEO

Executive Leadership Team

David Fraser

Group Chief Executive Officer

MBA, GAICD, FAICD, FAIM, A FIN, FGIA

Joined Capricorn 2006

Brad Gannon

Chief Executive Officer Automotive

B.Comm, LLB (Hons), GradDipACG, GAICD (OM), FGIA, FCG, FAIM

Joined Capricorn 2008

Damon de Nooyer

Group Chief Financial Officer

FCPA, B.Com, MAHRI

Joined Capricorn 2023

Jacky Mills

Chief Experience Officer

BSc (Hons), MBA, GAICD

Joined Capricorn 2021

Mary Karborani

Chief Technology Officer

BEng, MBA

Joined Capricorn 2023

Kim Radalj

Chief Innovation & Transformational Officer

CFA

Joined Capricorn 2021

Susannah Haines

General Counsel & Company Secretary

LLB, BA (Hons), GradDipACGRM

Joined Capricorn 2023

Rodney Scanlon

Chief Executive Officer of Capricorn Risk

BCom, CA

Joined Capricorn 2021

2023/24 Highlights

$34.9m
Capricorn Society's Profit after Tax

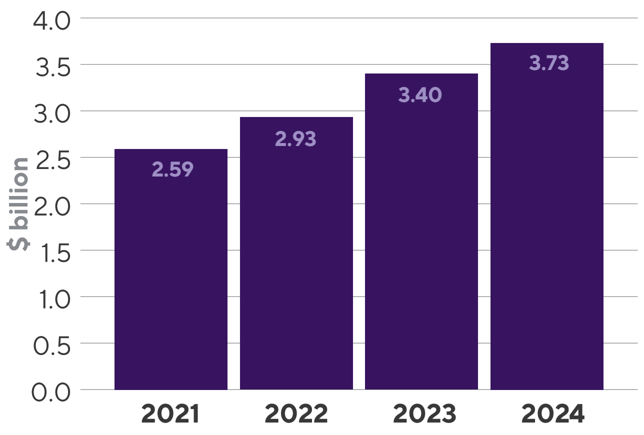
$56.6m
Capricorn Rewards Points earned by Members

$18.5m
in Trade Rebate declared FY24

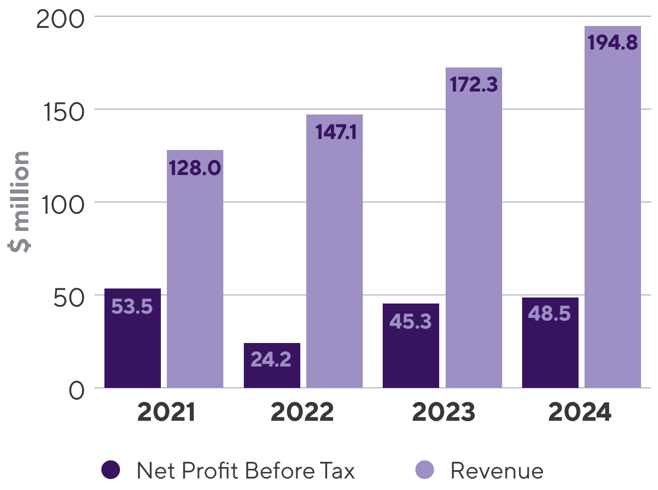
$92.3m
was provided to Members during the year for the FY23

27%
Member Value Return

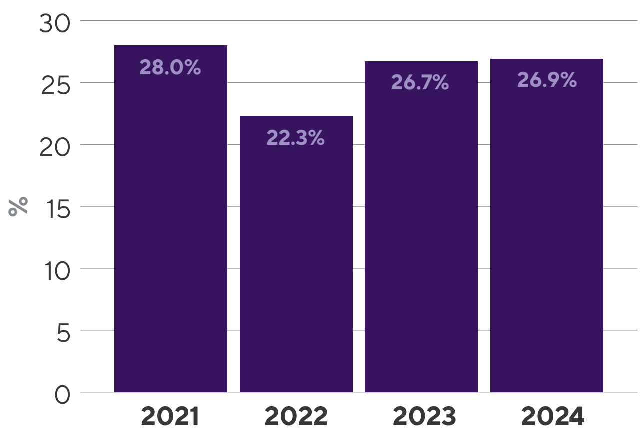
Member purchases from Preferred Suppliers ($ billion)



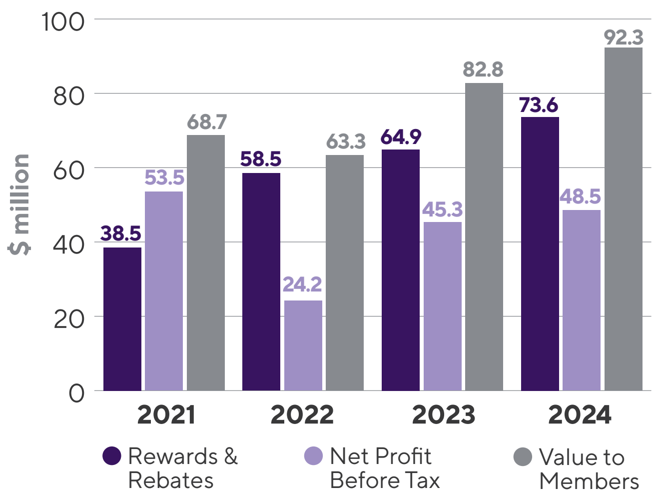
4 Year Financial Summary* ($ million)



Member Value Return* (%)



Member Value* ($ million)



These results do not include Capricorn Mutual Ltd

Customer Service Team

66,300
Capricorn customer service calls

31,300
Outbound calls

Capricorn Field Team

12,000
Capricorn Area Manager phone calls

85,000
Member site visits

14,300
Preferred Supplier site visits

Rising Stars

Over 360 nominations were received in the 2024 Capricorn Rising Stars competition from Capricorn Members across Australia and New Zealand.

This highlights the impressive amount of talent that exists and offers a major boost of confidence in the future of the industry. Narrowing down the field to the five most outstanding nominees was a very difficult task, undertaken by three separate rounds of judging, with the final round involving industry experts.

Congratulations to the following apprentices who are the 2024 Capricorn Rising Stars top five finalists:

Cooper Bullin – Road Runner Mechanical Services

Dylan Sneddon – Auto Response

Marko Graovac – Hagans Auto Electrical Service

Megan Toia – Badgingarra Motors

Shalako Hauraki – Ultra Tune Balcatta

The Rising Stars competition not only recognises hardworking and passionate apprentices but also helps to develop a pipeline of talent that will become the highly skilled technicians and business owners of tomorrow. Apprentices nominated for the competition are the future leaders of our industry, and we are proud to celebrate them on their journey.

A huge congratulations to the 2024 Rising Stars winner, Megan Toia from Badgingarra Motors. Megan's love of learning and constant pursuit of excellence highly impressed the multiple rounds of judges. We look forward to seeing where Megan's apprenticeship takes her.

MTAQ

Capricorn and Motor Trades Association Queensland (MTAQ) have joined forces to encourage high school students to consider a career in automotive.

Over the past year, hundreds of high school aged kids have attended MTAQ and Capricorn Career expos prior to Capricorn Trade Shows. This has been a great success with Members and Suppliers showcasing the breadth of careers available in the industry.

Capricorn is a proud sponsor of the MTAQ's Auto Women program. This year we saw a number of Members, Capricorn field team and two previous Capricorn Rising Stars winners connecting at the Auto Women Social in Brisbane. Jacky Mills (Chief Experience Officer) said, "Feeling connected and part of the automotive industry, beyond the workshop, is really valuable to women who work in any kind of role in automotive. These events provide a supportive environment where women can share advice, ideas, their passion for the industry, and just get to know each other".

State of the Nation – Skills Shortage 2023

Our Members told us that the skills shortage was the biggest challenge they face in running their businesses, so we researched and prepared a special report on this issue to help us understand it better.

1,887 Members across Australia and New Zealand took part in the 2023 State of the Nation survey to share their thoughts on the situation.

The key findings of the special report highlighted that finding good staff is causing operational, financial, mental and emotional stress for Members. However, Members are increasingly confident in the future of their own businesses, even though they are slightly less confident in the future of the industry as a whole.

The good news is the work to secure the long-term future of our industry has already begun. Members are doing their best to secure the industry's pipeline of future talent. While training apprentices isn't a quick fix to the issues created by the skills shortage, it is a solid path towards securing the long-term future of our industry.

Gala Dinner & Tradeshows

Getting Members, Preferred Suppliers and the Capricorn Team together at the annual Gala Dinner & Tradeshows is always a highlight of the Capricorn calendar.

With over 4,000 attendees across the six events, it was amazing to network and celebrate with the community. The Hawaiian theme added a fun element to the night, and with tropical décor and themed entertainment it was a great night for everyone who attended.

- **1,255** Western Australia
- **567** South Australia / Northern Territory
- **864** Queensland
- **544** New South Wales / Australian Capital Territory
- **1,149** Victoria / Tasmania
- **343** New Zealand

650
Convention attendees

557
Golf Day attendees

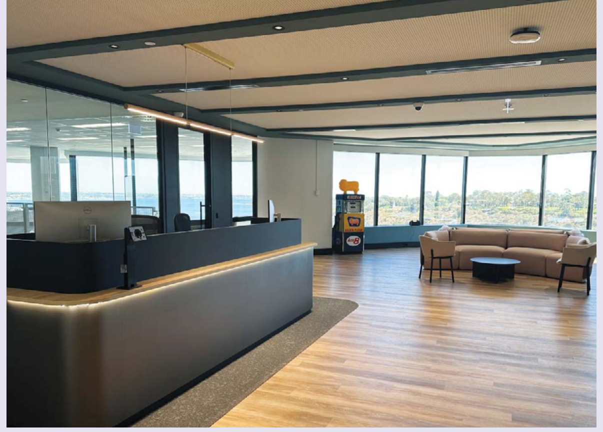
3,245
Regional Trade Show attendees

Capricorn Convention in Hawaii

Capricorn Conventions are a key part of connecting our community.

This year Members, Preferred Suppliers and Capricorn employees met in Hawaii for the first overseas Convention since 2018. Convention is a unique opportunity for everyone attending. Connecting individuals in the automotive industry has always been a key focus for Capricorn, and Convention is a perfect example of the value of creating time and space to have informal chats and share stories. The keynote speaker, Malcolm Dix, an experienced presenter, engaged Members and Preferred Suppliers alike with an educational and entertaining training day.

Attendees enjoyed six nights at a beachfront resort in Waikiki, reconnecting with old and meeting new friends in the automotive industry. Other than enjoying a well-deserved break, attendees filled their days with networking events, the Gala Dinner and a number of adventure tours and cultural activities.



Vehicle Finance

In 2023, CAP ezi-finance expanded its finance products to include the purchasing of vehicles.

Our business vehicle finance loans cover everything from cars to utes, trucks, vans, and anything else Members need to keep their businesses moving. A total of 467 vehicle settlements were made in the past financial year in Australia and New Zealand.

604

Vehicle settlements made in FY24

Head Office Move – Perth

Capricorn's growth in recent years has been evident in both Member and employee numbers.

After outgrowing our offices in West Perth, Capricorn made the decision to relocate into the Perth CBD. The new office allowed us to move to an activity-based working model, which allows flexibility and collaboration between our teams. The new office also puts us right in the heart of the city, with all the decision-makers, and will aid us in attracting and retaining the best talent. As always, this was a strategic decision that will lead to an even better experience for Members and Preferred Suppliers.

Capricorn Rewards Points

Capricorn Rewards introduced an exciting new redemption method, Rewards+, giving Members the opportunity to use their Capricorn Rewards Points to buy (almost) anything.

Members have used their rewards points for items previously not available, including specialised mountain and road bicycles, entertainment systems and even a brand new motorbike!

Victoria Member, Chris, owner of Autoline Service Centre, used the new service and his saved Capricorn Rewards Points to purchase a limited-edition Yamaha YZ520. Chris shared that the 'not exactly essential' purchase was hard to justify as it was going to bite into the family savings, but Capricorn Rewards meant his dream toy was purchased without a single cent being paid. Rewards+ has expanded the benefit of earning Capricorn Rewards Points, allowing Members like Chris to use their rewards points in the way that benefits and rewards them most.

E-statements

A more secure, more convenient and more environmentally friendly way to provide Members with their monthly statements. Offering Members the option of digital statements, downloaded via myCAP, means Members can now access and review their statements online. Over 8,000 Members have already made the switch.

Upgraded myCAP

Easy access to key information can save hours for Members in the office. Capricorn updated the look and feel of myCAP to elevate the Member experience, making navigation smoother and information more accessible. The introduction of credit card self-service payments and direct debit self service provided Members with an increased range of payment methods, saving them time in paying their Capricorn Trade Account.

1,600

Members using card payment self-service

22,200

myCAP unique Member logins

This year the industry has also seen **more apprentices** come through **as Members take advantage of government incentives** to tackle the skills shortage and train the next generation.

Mark Cooper, Capricorn Board Chair

Corporate Governance Statement

Introduction

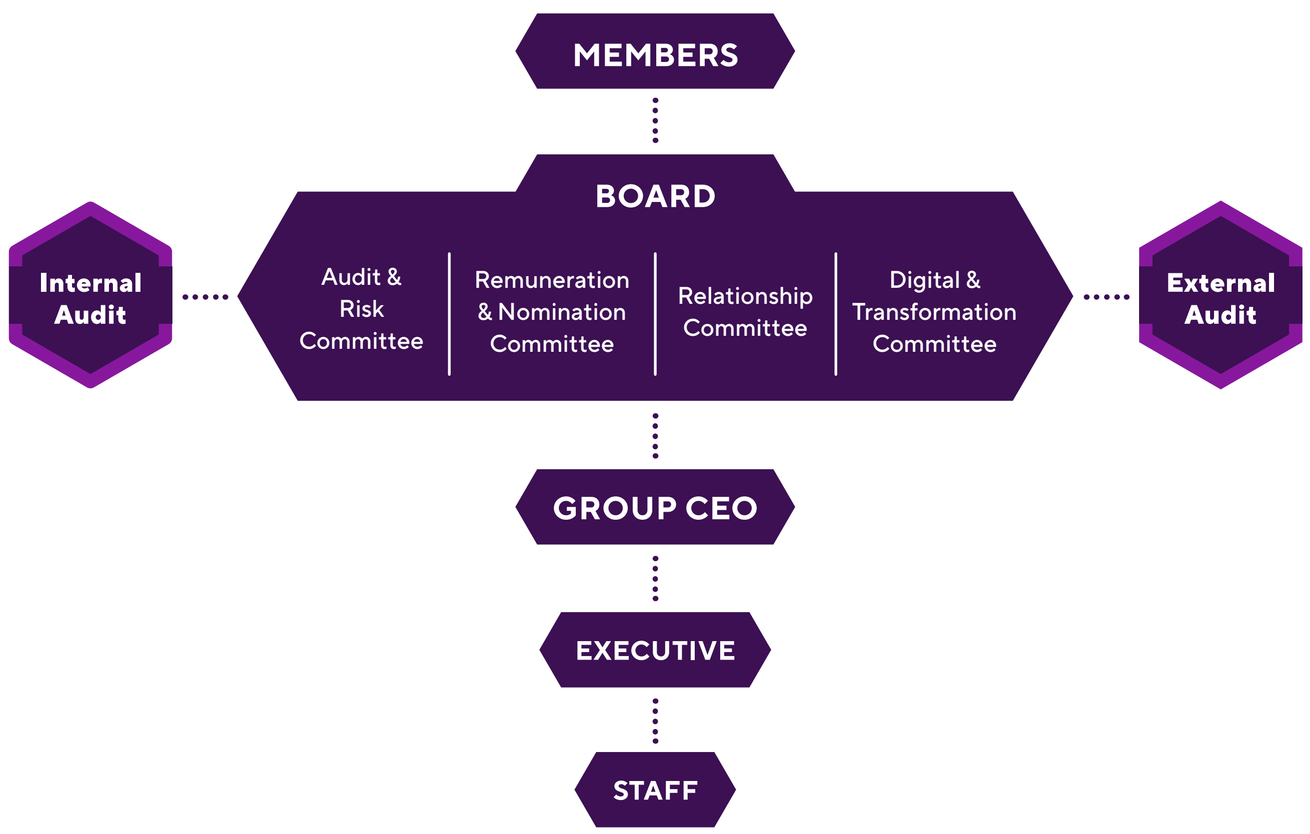
Good corporate governance is key to how Capricorn's objectives are set and achieved, how risk is monitored and assessed and how Capricorn evolves with our changing circumstances.

Whilst there is no single model of good corporate governance, the Board has resolved to adopt Edition 1.2 of the 'Cooperative and Mutual Enterprise (CME) Governance Principles' as prepared by the Business Council of Co-operatives and Mutuals (CME Principles). There is no regulatory requirement to comply with these principles, however, they are acknowledged as best practice for CMEs within Australia and as such the Board has chosen to adopt the recommendations.

This statement outlines Capricorn's principal corporate governance practices. The Board has carefully considered each best practice recommendation in the CME Principles, and to the extent these are appropriate benchmarks for Capricorn's corporate governance practices, the Board has provided comments on how Capricorn meets that principle. These corporate governance arrangements were in place throughout the 2023/24 year.

Below is a diagram that provides an overview of Capricorn's governance framework.

Capricorn's governance framework



Principle 1: Create, protect and return Member value

A CME should act on behalf of its members to achieve its agreed purpose by pursuing the sustainable creation, protection and return of value to current and future members.

Recommendation 1.1 - Strategic Objectives

The Board develops a clear set of strategic objectives designed to ensure sustainable creation, protection and return of value for Members.

The Board and Management undertake regular Member research to inform these strategic objectives including through the production of Capricorn's State of the Nation report, which gives valuable insights into the health of the automotive industry and how Members are feeling about their businesses.

Capricorn's various publications allow for the monitoring and review of the implementation of these objectives and results are regularly reported through the Member Value Return tool which measures direct and indirect benefits provided to Members. Ultimately, Members decide on the effectiveness of Capricorn's delivery of member value by choosing to remain Members and continuing to use Capricorn's services.

The Board considers the increase of 3,545 new Capricorn Members and the growth in Member purchases by 9.8% in FY2023/24 to be a positive endorsement that Capricorn is delivering on its strategy to create, protect and return value to Members. The development of its strategic objectives provides an accountability framework between the Members, Board and Management.

Principle 2: Lay solid foundations for management and oversight

A CME should establish and disclose the respective roles and responsibilities of its Board and management and how their performance is monitored and evaluated.

Recommendation 2.1 - Roles and responsibilities

The Board protects the rights and interests of the Members and is accountable for the overall direction and governance of Capricorn. It is ultimately responsible for ensuring that Capricorn is well managed by establishing the organisation's strategic direction and monitoring and assessing its performance.

The Board aims to govern Capricorn rather than manage it. In contrast, the role of the Group CEO and Senior Management is to manage Capricorn in accordance with the direction of the Board.

Role of the Board

The Board seeks to identify the expectations of the Members, as well as other regulatory and ethical expectations and obligations. In addition, the Board identifies areas of significant business risk and ensures arrangements are in place to adequately manage those risks.

The Board maintains a detailed Board Charter and underlying policies as well as a Governance Protocols and Procedures Manual which contains further detail on how the Board Charter and underlying policies are to be applied.

Certain matters are expressly reserved to the Board, relating to key decisions on Capricorn's strategy, financial management and governance (details of which Capricorn publishes as part of the Corporate Documents section of its website).

The Board retains full responsibility for guiding and monitoring Capricorn. In discharging its stewardship, the Board makes use of specialist committees or delegates to management.

The Board's use of specialist committees and delegations to management improves how the Board manages key strategic issues. These delegations are reviewed at least annually, with built-in reporting requirements, ensuring the Board's oversight responsibilities are not diminished.

The responsibility for the operation and administration of Capricorn is delegated by the Board to the Group Chief Executive Officer (Group CEO) and through him to the Executive Leadership Team (ELT). The Board ensures this team is appropriately qualified and experienced to discharge its responsibilities and as such have in place procedures to assess the performance of the Group CEO and the ELT.

Specialist committees can focus on a particular responsibility and provide informed feedback to the Board. To this end the Board has established the following committees:

Remuneration and Nomination Committee (RNC)	Provides advice to the Board regarding its size and composition including the skills and experience, diversity of composition, selection criteria for nomination of candidates of directors and succession planning. The RNC provides the Board with assurances regarding the quality, integrity and suitability of Director nominations and makes recommendations on the final list of nominating Members eligible for election to the Board. Assists in the determination of remuneration policies and practices for Capricorn including those affecting the Group CEO and the ELT. Provides advice to the Board on aspects of Capricorn's corporate governance policies and framework including advice on recent developments in corporate governance best practice in relation to remuneration, independence of non-executive Directors and the Board Charter.	Those appointed as at the date of the report: Ms Lydia Stjepanovic (Chair) Mr Mark Cooper Ms Donna Vinci Mr Mark Rowe
Audit and Risk Committee (ARC)	Provides an independent and objective mechanism to focus on particular issues relevant to verifying and safeguarding the integrity of Capricorn's financial reporting, The ARC's primary objective is to give the Board assurance regarding the reliability and quality of Capricorn's financial information and systems, and the application of accounting policies. The ARC reviews the adequacy of the accounting and control systems of Capricorn and the procedures in relation to the external auditor selection, appointment and lead partner rotation. It oversees Capricorn's relationship with external and internal auditors and the external and internal audit functions generally, oversees the preparation of financial statements, reports, oversees the financial controls and systems, and oversees the processes around identification of risk and management of risk strategies.	Those appointed as at the date of the report: Mr Mario Pirone (Chair) Mr James Candish Mr Nigel Oborne Mr Bruce Rathie Mr Peter Stewart
Capricorn Digital and Transformation Committee (DTC)	The purpose of the DTC is to give the Board additional assurance and to assist the Board in connection with the oversight of and input into the company's digital (including e–commerce), data, technology, and technology – related innovation strategies. This Committee oversight also includes monitoring the mitigation and management of risks associated with the above activities. The Committee provides a forum for committee members to question and explore relevant matters in more depth than it could at a Board meeting.	Those appointed as at the date of the report: Ms Donna Vinci (Chair) Mr Mark Cooper Mr Mark Rowe Ms Lydia Stjepanovic
Capricorn Relationship Committee (CRC)	The CRC's role is to give the Board additional assurance regarding the appropriateness of transactions of a commercial nature between Capricorn and Capricorn Mutual Limited (ACN 104 601 194) and its subsidiaries (collectively "the Mutual"). The CRC consists of a non-Member Chair and three other Directors. None of these Directors serve on the Board of the Mutual. It is convened only when considered necessary by members of the CRC or the Capricorn Chair.	Those appointed as at the date of the report: Ms Donna Vinci (Chair) Mr Peter Stewart Mr Mark Rowe Mr James Candish

Role of the Group CEO

The Group CEO's role is to manage Capricorn's day to day activities to achieve the agreed vision or "ends" under the strategies, policies, programs and parameters set by the Board. The Group CEO is the sole point of accountability for all authority delegated between the Board and the operations of Capricorn. The Board delegates to the Group CEO responsibility for implementing its strategic direction/strategic plan while complying with the Group CEO delegation/limitations policies as set out in the Board Charter.

Recommendation 2.2 – Board accountability to Members

Capricorn is an unlisted public company limited by shares. The majority of Capricorn's Board is elected from within the membership and by the membership (supplemented by a minority of non-Member Directors) to ensure Member representation.

The Board also undertakes an evaluation of its performance, and the Group CEO and Executive Leadership Team all have formal job descriptions, internal delegations and employment contracts describing their term of office, duties, rights and responsibilities and entitlements on termination.

Recommendation 2.3 – Due diligence on Board appointments

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of directors and for the operation of the Board.

Upon the retirement or expiration of their term as a Member Director, Capricorn undertakes a formal and transparent election procedure within the zone of that Member Director, the details of which can be found in Capricorn's Constitution. Before appointing any director, Capricorn ensures that rigorous background checks are conducted including reference checks and criminal and credit history searches. All Board members must also satisfy Capricorn's own Fit and Proper Person Policy which sets out minimum requirements of fitness and propriety to serve as a Capricorn Director.

The RNC considers the appointment or re-appointment of an independent director and makes a recommendation to the Board.

Candidates for a Member Director position on the Board are required to submit to the Capricorn candidate assessment process through which their skills, experience and attributes are assessed by Capricorn against the range of skills and competencies relevant to being a director of Capricorn.

In 2021, the Board implemented a requirement that unless a candidate can either demonstrate having the relevant skills, experience and attributes, or a high degree of potential in respect of them, they are not permitted to proceed as a candidate in the election.

Candidates that meet the requirements of the assessment process are provided with an individual rating which is disclosed to Members in materials accompanying the ballot papers to better allow Member consideration of candidates.

Recommendation 2.4 - Terms of appointment

All Directors appointed to Capricorn receive detailed letters of appointment which sets out matters including but not limited to:

- term of appointment;
- time commitment envisaged;
- directors' powers and duties;
- special duties or arrangements including involvement with committee work;
- circumstances in which an office of director becomes vacant;
- remuneration;
- requirement to disclose directors' interests and any matters affecting the director's independence;
- applicable Board Code of Conduct (a summary of which Capricorn publishes as part of the Corporate Documents section of its website at capricorn.coop);
- access to professional advice; and
- confidentiality and access to information.

The name of Directors in office as at 30 June 2024, the date they were first appointed, their period in office, the commencement and expiry date of their current term are set out in the table on the following page:

Name of Director	Date First Appointed	Period of Office***	Current Term Commenced	Term Expired/ Expires	Maximum term allowed (in accordance with the CSL constitution)
Bruce Rathie*	July 2008	15 years 11 months	12/10/2021	Oct 2024	16 years
Mark Cooper**	Oct 2013	10 years 8 months	29/10/ 2021	Oct 2025	12 years 6 months
Mario Pirone*	July 2014	10 years 0 months	1/07/2022	June 2026	12 years 6 months
Peter Stewart**	Jan 2016	8 years 5 months	21/10/2020	Oct 2024	12 years 6 months
Donna-Maree Vinci*	Aug 2019	4 years 11 months	1/08/2019	July 2027	12 years 6 months
Lydia Stjepanovic**	Oct 2021	2 years 8 months	29/10/2021	Oct 2025	12 years 6 months
Mark Rowe**	Oct 2022	1 years 8 months	19/10/2022	Oct 2026	12 years 6 months
Nigel Oborne**	Oct 2022	1 years 8 months	19/10/2022	Oct 2026	12 years 6 months
James Candish**	Oct 2023	0 years 8 months	18/10/2023	Oct 2027	12 years 6 months

* Independent Director

** Member Director

All directors (being Independent Directors and Member Directors) (together referred to as the CSL Directors) have formal letters of appointment.

In accordance with Capricorn Society Ltd's Constitution and rules, CSL Directors elect the Chair.

Mr Mark Cooper is the elected Chair.

The roles of Chair and Group CEO are not exercised by the same person.

Recommendation 2.5 - Company Secretary

The Company Secretary's role is to support the effectiveness of the Board and its Committees, perform the duties and responsibilities of a Company Secretary as required by law and carry out other duties related to the corporate administration of Capricorn.

The Company Secretary is accountable to the Board, through the Board Chair and Group CEO on all matters concerning the proper functioning of the Board.

The Company Secretary also performs the dual role at Capricorn of General Counsel with responsibilities for additional functions as part of that role.

Recommendation 2.6 - Gender and cultural diversity

Capricorn recognises the importance of a diverse workforce that feels included and empowered to reach their full potential. Capricorn creates an inclusive workplace culture through our systems, behaviours and symbols. Capricorns report for the Workplace Gender Equality Agency is available on our website under "Corporate Documents", disclosing our actions and approach to gender and cultural diversity. Capricorn will be releasing the inaugural Sustainability Report later this year, further detailing disclosures relevant to diversity.

Recommendation 2.7 - Board Performance

The Board through the RNC has a structured process in place to review and evaluate the performance of the Board, Board Sub Committees and individual Directors.

The Board undertakes every 2-3 years a formal review conducted by an independent governance specialist. This review will examine the performance of the Board, of individual Directors and of the Chair. The review also considers Board composition and skill set, Board decision making and processes and information flows. The review has both quantitative and qualitative measures and takes account of the views of individual directors.

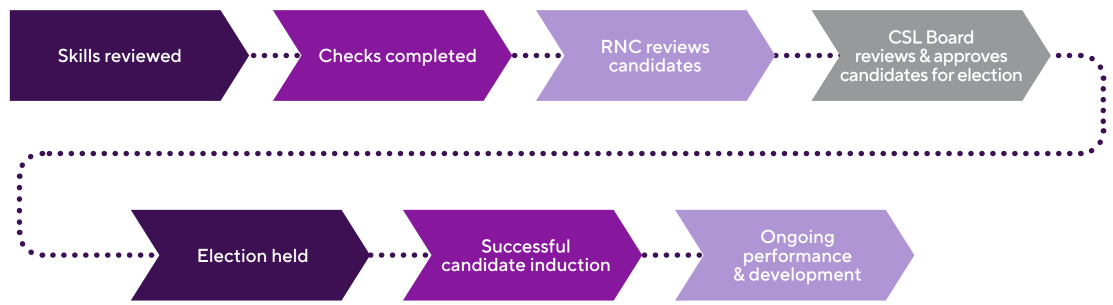
The review is conducted with the aim of continuous improvement and results in individual professional development plans for each director facilitated by the Chair and other specific initiatives based on its findings. The review is a key part of how the Board reflects on its own performance and its rigour and method is something that the Capricorn Board is proud of.

In any year where the Board does not undertake a formal review, an informal review will be carried out by the Board under the guidance of the Chair.

The last formal review by an independent governance specialist was conducted in December 2022.

Principle 3: Structure the Board to add Member value

A CME should have a Board that meets the organisation's minimum requirements, is of an appropriate size, diversity and composition, and has the skills and commitment to discharge its duties and responsibilities effectively.



Recommendation 3.1 – Nomination Committee

The RNC provides an efficient mechanism for the detailed examination of the selection, appointment and remuneration practices of Capricorn. The composition and objectives of the RNC is set out above under Recommendation 2.1.

Recommendation 3.2 – Board skills matrix

The Board believes that the interests of its shareholders are best served by Directors having the appropriate skills, experience and contacts within Capricorn's areas of business. Capricorn maintains a Board Skills Matrix which sets out the mix of skills and diversity that the Board has or is looking to achieve in its membership, which is informed by Capricorn's purpose and strategic objectives, consistent with the CME Principles. This matrix is considered as part of independent Board performance reviews.

As a cooperative, Capricorn's Constitution sets out a requirement that most of its Board of Directors are Member Directors. The Constitution also allows for up to three non-Member Directors who are selected and appointed based on their relevant skills, knowledge and experience.

All Board members are non-executive Directors, meaning they are not involved in the day-to-day management of Capricorn.

To ensure representation of Capricorn's broad range of Members, a Member Director is appointed by each of the geographical zones that Capricorn operates in.

Capricorn Member Directors are democratically elected from its Member base and due to this process are a reflection of the mix of skills of that Member base. The candidate assessment process ensures that all Member directors have sufficient potential in respect of broad governance skills including strategy, financial and risk management as well as demonstrating a high level of commitment to Capricorn.

Capricorn's Constitution permits up to three independent directors to be appointed by the Board. Independent directors are chosen to supplement the skills that the Board requires. A Board learning and development plan is in place which addresses Board education and training needs and includes a pre-election governance course and post-election induction program.

Recommendation 3.3 - Independent and Non-Member Directors

The independent Directors on the Board are Mario Pirone, Bruce Rathie and Donna Vinci.

Independent Directors may be appointed for such period as directors may decide, but not exceeding four years.

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at Capricorn's expense. Prior written approval of the Chair is required, but this will not be unreasonably withheld.

It should be noted that where any Director has a material personal interest in a matter, the Director will not be permitted to be present during discussions or to vote on the matter, which ensures that the interests of shareholders, as a whole, are pursued.

Recommendation 3.4 - Member Representation

Consistent with the CME Principles, Capricorn ensures that there is adequate Member representation in its governance. Through its Director election process Capricorn undertakes a formal and transparent procedure in each of its six geographic zones for the election by its Members of a Member Director for that zone, resulting in a Board comprised primarily of Member Directors. Details on this process can be found in Capricorn's Constitution.

The Capricorn Constitution states that all Member Directors are appointed for a fixed term of four years.

At the end of their four-year term, Member Directors must retire and if they have successfully completed the Company Directors Course run by the Australian Institute of Company Directors in their first term, they are considered eligible to stand for re election provided they satisfy all other relevant criteria. Capricorn's Constitution provides for maximum Director terms so:

- the maximum service period for Directors holding office on the day before the 2012 Annual General Meeting is 16 years and six months; and
- the maximum service period for Directors elected or appointed on or after the 2012 Annual General Meeting is 12 years and 6 months.

The maximum Director term requirements were introduced at Capricorn's 2012 Annual General Meeting.

The Capricorn Board considers turnover in Board membership healthy for Capricorn. The infusion of new perspectives, ideas and energy from each electoral zone is important. Setting maximum Director terms provides for this healthy turnover and ensures that the Board can maintain adequate member representation in its governance.

Recommendation 3.5 - Role of the Chair

The Board Chair is Mr Mark Cooper. Mr Cooper is a non-executive Member director. The Chair is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for briefing all directors in relation to issues arising at Board meetings. As appropriate, the Chair represents the Board and the organisation to outside parties. Mr Cooper will retire from the role of Board Chair in October and a new Chair will be announced at this time.

Capricorn's Constitution also recognises a need for a clear division of responsibility at the head of Capricorn and as such prevents the Group CEO from becoming a director, ensuring the roles of Chair and Group CEO are not to be exercised by the same person.

Recommendation 3.6 - Induction program for directors

Each new Director undertakes an induction program, designed to provide opportunities for them to develop and maintain skills and knowledge needed to appropriately perform their role as a Director, and to familiarise themselves with the operations of Capricorn and its strategy as well as any issues before the Board for consideration. The induction program includes meetings with the Chair, the Group CEO, ELT and the Company Secretary. Once elected Member directors are also required to complete the Company Directors Course run by the Australian Institute of Company Directors in their first term if they are to seek re-election.

Principle 4: Act ethically and responsibly

A CME should act ethically and responsibly in relation to its members and other stakeholders.

Trading in Company Shares

Capricorn's Constitution does not allow Capricorn shares to be traded on the open market. The Constitution does, however, include provisions that facilitate the repurchase of shares by Capricorn and the transfer of shares to other persons. It should be noted that the Board has the right to decline any transfers if the transferee is not eligible for membership amongst other grounds.

Capricorn independent Directors and Capricorn senior management are ineligible to own Capricorn shares.

Capricorn has a Director Shareholding Policy which addresses when its Member Directors are permitted to trade in Capricorn shares. Member Directors cannot trade in Capricorn shares when they possess price sensitive information (as broadly defined), either for personal gain or for the gain of any other person amongst any other reason.

Following any Capricorn announcement or release of information concerning Capricorn shares, Capricorn's policy provides that Directors should wait at least 4 days after the relevant announcement or release before dealing in Capricorn shares so that all Members and potential Members have had time to absorb the information.

Recommendation 4.1 - Code of Conduct

The Capricorn Board has established a Board Charter, a Board Code of Conduct and Code of Conduct for all employees. These codes ensure practices are in place and operating so Members can have confidence in Capricorn's integrity. Capricorn's accountability mechanisms also ensure the identification and investigation of any reports of unethical practices.

Under each Code of Conduct, the Directors and Senior Management are expected to:

- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- use their powers to act in the best interests of the company;
- avoid conflicts and make full disclosure of any possible conflicts of interest;
- comply with any applicable laws;
- be independent in judgment and ensure all reasonable steps are taken to be satisfied as to the soundness of Board and Management decisions; and
- encourage the reporting and investigation of unlawful and unethical behaviour.

As outlined in Capricorn's Modern Slavery Statement, Capricorn is committed to continually reviewing and addressing modern slavery risks within its operations and supply chain and to ensuring its business partners and suppliers are similarly aligned. Capricorn's Modern Slavery Statement, which is available on Capricorn's website under "Corporate Documents" discloses the actions taken to identify and mitigate slavery and human trafficking in Capricorn's business and supply chain. Key actions taken include:

- Continued to consider the risk of modern slavery within its supply chains;
- Incorporating environmental, social and governance factors into its investment analysis and selection processes;
- Inclusion of awareness training into the regular HR training cycle;
- Provided mental health and well-being workshops to contract staff;
- Provided training on the Whistleblower Policy as part of the induction process for new employees and offered refresher training for existing employees from time to time.

Recommendation 4.2 - Whistleblower Protection Policy

In support of Capricorn's commitment to the highest standards of conduct and ethical behaviour in all of its activities and its promotion and support of a culture of honesty and integrity, Capricorn has in place a Whistleblower Policy. The purpose of the policy is to help deter wrongdoing by encouraging disclosure of conduct in breach of Capricorn's policies and standards of expected behaviour and ensuring that anyone who makes a disclosure can do so safely, securely and with confidence that they will be protected and supported. Capricorn has appointed Your Call, an external and independent whistleblowing service provider, to receive whistleblower disclosures with impartiality and confidentiality.

Principle 5: Safeguard integrity in CME reporting

A CME should have formal controls and rigorous processes that safeguard its assets, provide independent attestations to members of the integrity of its financial processes and disclosures, and can demonstrate alignment with purpose.

Recommendation 5.1 - Audit Committee

Consistent with the CME principles, the Capricorn Board has an Audit and Risk Committee (ARC) which reports to the Board following each of its meetings. For more information on the composition and role of the ARC, see Recommendation 2.1.

Recommendation 5.2 - Financial Statements

Consistent with Recommendation 5.2 of the CME Principles, the Group CEO and Chief Financial Officer certified to the Board that for the year ended 30 June 2024:

- Capricorn's financial records have been properly maintained in accordance with the Corporations Act;
- The financial statements and associated notes in all material respects comply with accounting standards and give a true and fair view of Capricorn's financial position and performance;
- The above declarations are founded on a sound system of risk management and internal compliance and control which, in all material respects, implements the policies adopted by the Board of Directors; and
- Subsequent to 30 June 2024, no changes or other matters have arisen that would have a material effect on the operation of risk management and internal compliance and control systems of Capricorn.

There are reasonable grounds to believe Capricorn will be able to pay its debts as and when they become due and payable. In addition to making available to Members required financial statements, Capricorn also reports to Members on its "Member Value Return". This is a measure of the value returned to Members, considering both direct and indirect value which may take the form of rewards and rebates.

Recommendation 5.3 - Annual General Meetings and Audits

Capricorn ensures, as per its own policy, for the lead audit engagement partner to be present at the AGM and to answer questions from the shareholders about the conduct of the audit and the preparation and content of the auditors' report.

Capricorn recognises the importance of Member participation at its AGM. Members are encouraged to attend and participate. The 2024 AGM will be held in a hybrid format to facilitate participation and will be webcast live. Members have the opportunity to ask questions during the meeting and direct online voting allows shareholders who are unable to participate in the AGM to vote on resolutions in advance, without needing to appoint a proxy to vote on their behalf.

Principle 6: Make timely and balanced disclosure

A CME should make timely, transparent and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the value received from ongoing membership and the interests of members and other stakeholders.

Recommendation 6.1 - Continuous Disclosure Obligations

The Capricorn Board places considerable importance on effective communications with its Members in their capacity as Capricorn shareholders.

The Board, through its Continuous Disclosure Policy and Communications with Members Policy, ensures that the Member shareholders are informed of all material developments affecting Capricorn's state of affairs. Information is communicated to Capricorn's shareholders via these means:

- the Capricorn website, capricorn.coop and in particular under the Corporate Documents ;
- by lodging documents with the Australian Securities and Investments Commission as required by law;
- events such as the annual gala dinners in each zone and the AGM itself;
- social media channels;
- Capricorn's various publications and e-publications including Ignition and E-Newsletter; and
- notices and explanatory memoranda of Capricorn's Annual General Meetings (AGM).

Capricorn's detailed Continuous Disclosure Policy sets out Capricorn's approach to meeting its obligations as a Disclosing Entity under the Corporations Act 2001 (Cth) and records and communicates its commitment to do so. Capricorn publishes a summary of its Continuous Disclosure Policy as part of the Corporate Documents section of its website at capricorn.coop.

Principle 7: Respect the rights of Members and other stakeholders

A CME should respect the rights of its members and other stakeholders by enabling them to access information, and where appropriate, education and training to allow them to exercise those rights effectively.

Recommendation 7.1 - Member and Stakeholder Communications

Capricorn ensures that its corporate website www.capricorn.coop contains all relevant details about its corporate governance practices including profiles and pictures of the Board of Directors and the Executive Leadership Team. As outlined above in Recommendation 6.1 Members also receive newsletters and social media updates. Capricorn also encourages and permits Members to receive and send communication to Capricorn (and its internal share registry team) through electronic means.

Recommendation 7.2 - Member Engagement

Throughout the year, Capricorn holds a number of local events for Members in each zone such as member nights and gala dinners to provide information on cooperative and industry issues and to facilitate Member engagement. The establishment of a framework for social media communications further provides an opportunity for Members to express their view on industry issues. Capricorn also provides a report on the industry called *State of the Nation* which surveys the attitude of Members to a range of industry related issues and provides an overview of trends and challenges.

Recommendation 7.3 - General Meetings

Capricorn's Continuous Disclosure Policy and Communications with Members Policy as detailed under Recommendation 6.1 of this Corporate Governance Statement, ensures that the Member shareholders are informed of all material company developments and are encouraged to participate in the governance of Capricorn. This approach follows the cooperative principles promoted by the CME Principles on which Capricorn has operated since its inception, especially the principle of democratic Member control.

In recognition that meetings can be used to promote stronger Member engagement Capricorn has enshrined in its Constitution the ability for all Members to exercise their voting rights through direct voting, in addition to exercising their right to appoint a proxy holder. This ensures the recognition of the views of Capricorn's geographically dispersed membership and additional option improves the ability of Members to participate and exercise their votes at meetings of Members. By holding "virtual" or hybrid AGMs Capricorn also maximises the potential for Members to attend the meeting regardless of where that Member is located.

Recommendation 7.4 - Electronic Communications

Capricorn also facilitates Members receiving and sending communications to and from Capricorn (and its internal share registry team) through electronic means so that Capricorn can communicate important information efficiently. Capricorn's customer service's contact details are also provided on our website at capricorn.coop.

Principle 8: Recognise and manage risk

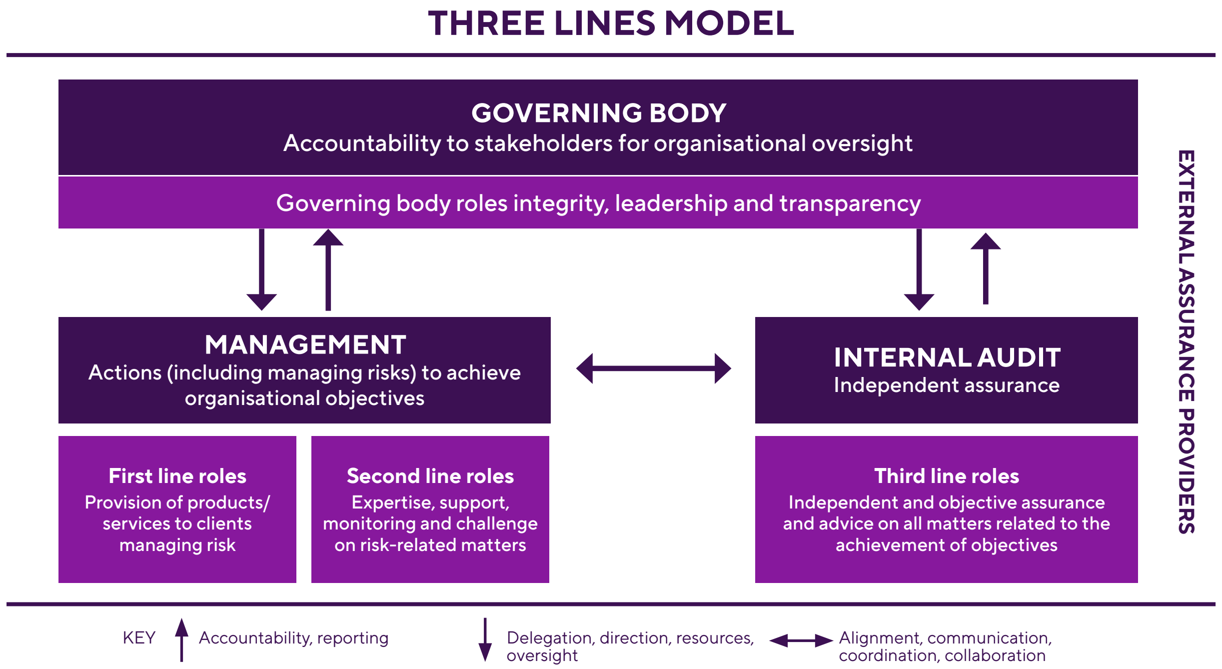
A CME should establish a sound risk management framework and periodically review the effectiveness of that framework in relation to the creation, protection and return of member value.

Recommendation 8.1 - Risk Committee

The Board, through the ARC, must ensure that appropriate risk management processes and systems exist within Capricorn. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. See table in Recommendation 2.1 for a summary of the ARC's main objectives and purpose.

Recommendation 8.2 - Risk Management Framework

Risk is inherent in all the corporate activities undertaken by Capricorn and therefore, sound business practice and corporate governance standards demand that formal and systematic approaches to risk management are incorporated into business activities. Capricorn believes that a consistent and structured approach to risk management will improve decision making, performance and accountability. These risk management practices also consider the question of organisational sustainability. This framework is represented below.



Capricorn's goal is not to eliminate risk altogether, rather to manage the risks inevitably involved in the activities it undertakes in a conscious and informed manner. The emphasis is to maximise opportunities and minimise the impact of negative outcomes. Capricorn will act in accordance with its risk appetite statement and conduct all its activities with due regard for the risks.

International Standards on Risk Management and Risk Assessment, (ISO 31000 and ISO 31010), provide a generic guide to assist in the establishment and implementation of the risk management process within an organisation. Capricorn has developed and implemented its risk management framework to follow these international standards.

The objectives of the Capricorn risk management process are:

- continuously identify and measure risks that might impact upon the achievement of Capricorn's goals and objectives;
- monitor the external environment for emerging factors and trends that affect the identified risks;
- manage risks within Capricorn in a conscious and informed manner and within acceptable tolerances;
- ensure that risk management is incorporated into the corporate governance and management systems, including through ongoing monitoring;
- ensure that significant risks within Capricorn are identified and that strategies are in place to manage the identified risks;
- encourage proactive management and individual accountability;
- establish a reliable basis for decision making and planning;
- improve organisational resilience; and
- provide assurance that the objectives of Capricorn will be met.

Comprehensive practices are in place directed towards achieving these objectives:

- effective and efficient use of Capricorn's resources;
- compliance with applicable laws and regulations; and
- preparation of reliable financial information for publication.

Internal control framework

The Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost-effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an internal control framework designed to safeguard Capricorn's assets and interests and to ensure the integrity of reporting. The internal control framework can be summarised as follows:

Financial reporting
Capricorn has a comprehensive budgeting system with an annual budget approved by the Directors. Monthly actual results are reported against budget and revised forecasts for the year are prepared regularly. Certification is provided regarding the Annual Report by the Group CEO and Chief Financial Officer as detailed in Recommendation 5 of this Corporate Governance Statement;
Functional speciality reporting
Capricorn has identified several key areas subject to regular reporting to the Board, such as technology, treasury, legal (with particular emphasis on competition and consumer law), insurance and work health and safety matters;
Investment appraisal
Capricorn has clearly defined guidelines for capital expenditure and invest-ments. These include capital expenditure annual budgets, appraisal and review procedures and levels of authority as well as an investment policy with benchmarks.

Recommendation 8.3 - Internal Audit

Capricorn has an internal audit framework also called the third line of accountability to provide systematic and objective appraisal by internal audit of the operations, systems and controls within Capricorn.

Capricorn supports the independence of the internal audit function, which enables the internal audit function to render impartial and unbiased judgements essential to the proper conduct of audits. The internal audit function has independent organisational status and is not involved in day-to-day operations of the business. The internal audit function has the right of direct access to the Group CEO and members of the ARC or other appropriate body of Capricorn as circumstances determine. Internal audit provides regular progress reports to the ARC summarising all audit activities undertaken during the period since the last report and progress against the annual audit plan.

Principle 9: Remunerate fairly and responsibly

A CME should pay director remuneration sufficient to attract and retain high quality member and independent directors and design its executive remuneration to attract, retain and motivate high quality senior executives and employees and to align their interests with the creation of value for members and other stakeholders.

Recommendation 9.1 - Remuneration Committee

The Capricorn Board through the RNC has a process in place to review the remuneration of the Board, Group CEO and ELT to ensure due process, appropriate performance evaluation and a review of empirical market evidence. In this context, the activities of the RNC can be summarised as overseeing:

- executive remuneration and incentive policies;
- Group CEO remuneration and incentive policies; and
- Board remuneration framework.

Recommendation 9.2 - Remuneration Policy

The Board has established policies in relation to the remuneration of directors and senior executives. Capricorn periodically engages Korn Ferry, a global management consulting firm to provide expert counsel and opinion on remuneration matters. Key remuneration practices relating to directors are:

- directors' fees are based on advice from an independent advisor, and
- statutory superannuation is paid in addition to fees.

Directors will be paid fees generally up to 75th percentile of the market average based on advice from an independent advisor. Statutory superannuation will be paid in addition to these fees. The last external review of director fees was conducted in April 2024. Remuneration of directors has been included in Note 16 of the Financial Statements.

Management also work with Korn Ferry, as needed, to assist with remuneration matters not involving the executive.

Capricorn's Remuneration Policy has as its core objective to attract and retain key talent who have the requisite skills and capabilities to drive business performance and deliver strategic outcomes. Core to those practices are:

- Individuals are remunerated commensurate with internal job evaluations, market benchmarks and performance achievements;
- External expertise is leveraged for benchmarking and market data; and
- For some roles remuneration includes an at risk component to incentivise key strategic initiatives for the business and drive business growth.

Remuneration of key management personnel has been included in Note 16 of the Financial Statements.

Director's Report

30 June 2024

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2024.

1. General information

Directors

The directors of Capricorn Society Limited ('Capricorn" or "CSL") at any time during, or since the end of, the year are:

Names

Mark Cooper (Chair)

Peter Stewart (Member Director)

Lydia Stjepanovic (Member Director)

Nigel Oborne (Member Director)

Mark Rowe (Member Director)

Philip Saxton (Member Director – retired October 2023)

James Candish (Member Director – appointed October 2023)

Bruce Rathie (Independent Director)

Mario Pirone (Independent Director)

Donna Vinci (Independent Director)

The qualifications and experience of the directors and the Company Secretary has been set out in pages 12 to 14 of the Annual Report.

Principal activity

The principal activity of the Capricorn during the financial year was the operation of an automotive parts and accessories buying company operating along cooperative principles. Capricorn provides trade account credit to Members who operate within the Automotive aftermarket industry. Other entities provide mutual financial risk products to Members of Capricorn to protect those Members from financial loss (Capricorn Mutual Ltd ('Mutual')), business risk services including the management of the Mutual, travel and financial services.

There have been no significant changes in the nature of the Capricorn's principal activities during the financial year.

Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

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

The financial report has been prepared on a historical cost basis, except for certain financial assets at fair value through profit or loss, and inventory which has been measured at net realisable value. Cost is based on the fair values of the consideration given in exchange for assets.

Consolidation of Capricorn Mutual Limited

The Group financial statements for the first time have been prepared consolidating the results of Capricorn Mutual Limited (CML). The consolidation is required in accordance with Accounting Standards in part due to the materiality of CML to CSL given its continued growth as well as the maturity of the application of the consolidation accounting standard. The opening balances of assets, liabilities and equity have been restated for the comparative period (i.e. from 1 July 2022).

The consolidation is for financial reporting only and there is no change to the governance structures of Capricorn Society Limited or Capricorn Mutual Limited. The financial statements state the Profit and Equity that is attributable to either Capricorn Society Limited or Capricorn Mutual Limited. Distributions to Capricorn Society Limited and Capricorn Mutual Limited Members (e.g. rebates) continue to be separately applied.

2. Business review

Operating results

The consolidated profit of the Group after providing for income tax amounted to $43,976,000 (2023: $38,460,000). The profit of the Capricorn Society Limited entity was $34,891,000 (2023: $30,973,000). The profit of Capricorn Mutual Limited was $9,085,000 (2023: $7,487,000).

Dividends paid or recommended

Dividends paid on contributed equity to Capricorn Members during the year are as follows:

Fully franked ordinary dividend of 7 cents per share totalling $14,645,000 declared and paid September 2023.

Operating and financial review

The consolidated profit of the Group for the year after providing for income tax amounted to $43,976,000 (2023: $38,460,000). The profit of Capricorn Society Limited was $34,891,000 (2023: $30,973,000). The profit of Capricorn Mutual Limited was $9,085,000 (2023: $7,487,000).

Total purchases by Members from continuing operations of Capricorn increased to $3,732,511,000 being 10% higher than last year (2023: $3,399,470,000). Net collections were $171,726,000 (2023: $157,367,000), an increase of 9%.

In 2024 Members benefited from $56,595,000 (2023: $50,136,000) in Reward Points.

Capricorn Members also receive:

- the Capricorn Purple Pages – a comprehensive directory of suppliers and products available to Capricorn Members;
- access to one of Australasia's most generous rewards program, earning Members 1.5 Capricorn Rewards points for every $1 spent on eligible purchases on their Capricorn Trade Account;
- free access to Capricorn Service Data, providing Members with online service information covering thousands of vehicles;
- free access to Caphub, a content portal keeping Members updated on all things Capricorn, news, workshop hacks and business tips;
- invitations to exclusive industry events – including gala dinners, golf days, barbeques, tradeshows and the popular Capricorn International Convention; and
- access to AutoBoost, providing a range of free and paid online tools to help them better run their businesses.

The Board has maintained a conservative investment strategy recognising volatility in capital markets and as such has retained significant cash reserves during the year ended 30 June 2024.

In 2024 the Group's investment income was $7,967,000 (2023: $7,762,000) with a fair value gain of $5,017,000 (2023 loss: $74,000).

Capricorn's strategic plan is to drive profitable growth in Capricorn's principal business activities.

In the short to medium term, Capricorn continues to recognise technology as a key enabler to support its business strategy and objectives.

This is a constant challenge in the ever-changing digital landscape of today's business world and Capricorn is looking to expand the current limited choice of digital interactions for its Members and Suppliers.

Development of a digital platform will leverage existing assets and add new capability that will deliver value through easier integration with partners, improve the Member and Supplier experience and facilitate exciting new future projects and programs.

Capricorn has and will continue to identify and assess potential diversification opportunities that may allow it to leverage its current resources and capabilities to both reduce overall risk through diversification and improve returns to Members.

No options to shares in the Company have been granted during the financial year and there were no options outstanding at the end of the financial year.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) and where noted ($'000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors Report) Instrument 2016/191. The Company is an entity to which the instrument applies.

3. Other items

Significant change in state of affairs

There has been no significant change in the state of affairs of the Group during the financial year.

Auditor's independence declaration

Section 307C of the Corporations Act 2001 requires our auditors Ernst & Young, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This declaration is set out on page 49 and forms part of this directors' report for the year ended 30 June 2024.

Non-audit services

The following non-audit services were provided by the entity's auditor, EY Australia. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that audit independence was not compromised.

EY has received, or are due to receive, the following amounts for the provision of non-audit services:

Tax compliance and advisory services: $134,928.

Events after the end of the reporting period

Declaration of dividend and rebate

At the meeting held on 18th September 2024 the Capricorn Society Limited Board declared a dividend of 7 cents per share. This will be fully franked in Australia, equating to a gross dividend yield of 10% of contributed equity at 30 June 2024, and partially franked in New Zealand.

All subsequent references to gross dividend are calculated on the basis that full franking credits are available.

These dividends deliver to shareholders a payment of $15,326,000 (June 2023: $14,547,000) and franked tax credits totalling $6,568,000 (June 2023: $6,234,000), giving a gross dividend of $21,894,000 (June 2023: $20,781,000).

The Capricorn Society Limited Board also resolved to pay a rebate of $18,500,000 to Members on purchases made during the year ended 30 June 2024.

The rebate will be payable to both Australian and New Zealand Members via additional reward points.

Sale of Troode Street West Perth Property

The property at 28 Troode Street West Perth WA ("Troode Street"), previously the head office location of the group, was disclosed in Note 9 as an asset held for sale. The option to purchase the property for $10,250,000 has been exercised and the contracts of sale are being prepared for parties to sign.

Information on Directors

Information relating to the experience, qualifications and other details on the directors is set out on pages 12 to 14 of the annual report.

Directors' interests at the date of this report

	2024	2023
	No. of Shares	No. of Shares
Shareholding of Directors		
Mark Cooper	**190,878**	145,495
Peter Stewart	**250,000**	225,987
Lydia Stjepanovic	**22,030**	20,589
Nigel Oborne	**48,650**	218,628
Mark Rowe	**316,406**	305,077
James Candish	**13,637**	12,475
Philip Saxton	**-**	156,123
Total	**841,601**	1,084,374

Philip Saxton retired from the board in October 2023 and James Candish was appointed.

Independent directors (being Mr Mario Pirone, Mr Bruce Rathie and Ms Donna Vinci) cannot own shares in Capricorn Society Limited.

Movements in the relevant interests of each director in the share capital of the Company up to the date of this report are as follows:

2024

	2023 Balance	**Dividend Reinvested in Shares**	**Shares Purchased**	**Shares Sold**	**2024 Balance**
	No.	**No.**	**No.**	**No.**	**No.**
Mark Cooper	145,495	10,184	35,199	-	190,878
Peter Stewart	225,987	15,819	8,194	-	250,000
Lydia Stjepanovic	20,589	1,441	-		22,030
Nigel Oborne	218,628	15,304	14,718	(200,000)	48,650
Mark Rowe	305,077	3,855	7,474		316,406
James Candish	12,745	892		-	13,637
Philip Saxton (retired)	156,123	-	-	-	-
Total	**1,084,644**	**47,495**	**65,585**	**(200,000)**	**841,601**

2023

	2022 Balance	**Dividend Reinvested in Shares**	**Shares Purchased**	**Shares Sold**	**2023 Balance**
	No.	**No.**	**No.**	**No.**	**No.**
Mark Cooper	329,042	16,453	-	(200,000)	145,495
Philip Saxton	143,927	7,196	5,000	-	156,123
Peter Stewart	203,264	10,164	12,559	-	225,987
Lydia Stjepanovic	16,074	804	3,711	-	20,589
Mark Rowe	291,434	2,072	11,571	-	305,077
Nigel Oborne	195,939	9,797	12,892		218,628
Total	**1,179,680**	**46,486**	**45,733**	**(200,000)**	**1,071,899**

Directors' meetings

The number of directors' meetings (including meetings of committees of directors held) and number of meetings attended by each of the directors during the financial year were:

Director	Directors' Meetings		Audit & Risk Committee Meetings		Remuneration & Nomination Committee Meetings		Digital & Transformation Committee Meetings		Capricorn Relationship Committee Meetings	
	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended
	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.
Mark Cooper (Chair)	7	7	0	0	5	4	5	5	0	0
Lydia Stjepanovic	7	7	0	0	5	5	4	4	0	0
Peter Stewart	7	7	5	5	0	0	0	0	3	3
Bruce Rathie	7	7	5	5	0	0	0	0	0	0
Mario Pirone	7	7	4	4	1	1	1	1	0	0
Donna Vinci	7	6	1	1	4	3	5	5	3	3
Nigel Oborne	7	7	5	5	0	0	0	0	0	0
Mark Rowe	7	7	1	1	4	5*	4	4	3	3
James Candish	5	5	4	4	0	0	0	0	3	3
Philip Saxton	2	2	0	0	1	1	2	2	0	0

*Directors can be invited to attend committee meetings as guest

Committee membership

As at the date of this report, the Company had an Audit & Risk Committee, a Remuneration and Nomination Committee, a Digital & Transformation Committee (previously Digital, E-commerce and Innovation Committee), and a Capricorn Relationship Committee, of which the Board of Directors are members.

Directors can be invited to attend committee meetings as guest.

Details about the committees are set out in the corporate governance statement of this annual report.

4. Environmental legislation

The Group is not subject to any significant environmental legislation.

5. Insurance premiums

During the financial year, Capricorn has paid insurance premiums in respect of its directors, executive officers and secretaries and those of its subsidiaries under the Corporations Act 2001 (Cth) ("CA"). The insurance premiums relate to:

- costs and expenses incurred by the relevant officer in defending proceedings; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage or any other liability that Capricorn is prohibited at law from paying an insurance premium in respect of.

The contract prohibits disclosure of the nature of the liabilities and the amount of the premium.

6. Indemnification and deeds of insurance and indemnity

Capricorn has entered into standard deeds of access, insurance and indemnity with its officers (including directors) as well as the current Group Chief Executive Officer and current key management personnel. The principal provisions of the Capricorn deeds, subject to the terms above, relate to:

- the granting of certain indemnities in favour of the directors or other officers referred to above in respect of liability which they incur as an officer of Capricorn or a related body corporate or as otherwise referred to above, except where the liability arises out of conduct involving a lack of good faith or indemnification is otherwise not permitted under the CA;
- the provision of access to board papers according to context; and
- an undertaking to maintain and, to the extent permitted by law, pay the premiums on an insurance policy which insures directors and the other officers referred to above against liability incurred as an officer of Capricorn or a related body corporate (except liability arising out of a wilful breach of duty or breach of certain provisions of the Corporations Act 2001).

During their term of office or eligible appointment period and:

- for 7 years thereafter ("7 Year Period"); or
- where an action, or an inquiry or hearing of a Government Agency that the officer is or has a reasonable prospect of being required to appear before, is commenced or threatened prior to the expiry of the 7 Year Period or the date of final determination or abandonment of the action, including any appeals, or the date of final completion of the inquiry or hearing (as the case may be), whichever last occurs.

Indemnification of auditors

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

This report is made and signed in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Mark Cooper

Director

Mario Pirone

Director

Dated this 18th day of September 2024

Ernst & Young
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Auditor's independence declaration to the directors of Capricorn Society Limited

As lead auditor for the audit of the financial report of Capricorn Society Limited for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

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

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

Ernst & Young

Timothy G. Dachs
Partner
18 September 2024

Consolidated Statement of Profit or Loss

For the Year Ended 30 June 2024

	Note	2024 $'000	Restated 2023 (Note 1(f)) $'000
Revenue from contracts with customers of Capricorn	2(a)	**23,431**	19,547
Capricorn trade account revenue calculated using the effective interest rate method	2(b)	**116,516**	107,231
Other interest revenue	2(e)	**19,591**	14,084
Other income	2(e)	**2,801**	2,142
Total Capricorn revenue		**162,339**	143,139
Mutual protection revenue	2(d)	**126,246**	108,868
Mutual protection service expenses	2(d)	**(102,888)**	(83,914)
Protection service result from protection contracts issued		**23,358**	24,954
Net expenses from reinsurance contracts held by the Mutual	2(d)	**(12,117)**	(16,059)
Mutual protection service result		**11,241**	8,895
Other operating income	2(f)	**13,911**	8,207
Share of loss on Repairify Australia Pty Ltd joint venture		**(985)**	-
Expenses			
Employee benefit expense	2(g)	**(54,313)**	(48,524)
Capricorn Member trade rebate	2(h)	**(17,002)**	(14,857)
Depreciation and amortisation expense		**(5,241)**	(4,851)
Marketing and advertising costs		**(7,242)**	(3,313)
Other expenses	2(i)	**(43,350)**	(34,898)
Total expenses		**(127,148)**	(106,443)
Mutual finance income from reinsurance contracts	2(d)	**363**	148
Mutual finance expenses from reinsurance contracts	2(d)	**(1,529)**	(888)
Net finance result from reinsurance contracts		**(1,166)**	(740)
Profit before tax		**58,192**	53,058
Income tax expense	3(a)	**(14,216)**	(14,598)
Profit after tax for the year		**43,976**	38,460
Attributable to:			
Members of Capricorn Society Limited		**34,891**	30,973
Members of Capricorn Mutual Limited		**9,085**	7,487
		43,976	38,460

The accompanying notes form part of these financial statements.

Consolidated Statement of Other Comprehensive Income

For the Year Ended 30 June 2024

	Note	2024 $'000	Restated 2023 (Note 1(f)) $'000
Profit after tax for the year		**43,976**	38,460
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translating foreign controlled entities	18(b)	**(63)**	1,085
Other comprehensive income/ loss for the year net of tax		**(63)**	1,085
Total comprehensive income for the year		**43,913**	39,545
Attributable to:			
Members of Capricorn Society Limited		**34,828**	32,058
Members of Capricorn Mutual Limited		**9,085**	7,487
		43,913	39,545

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2024

	Note	2024 $'000	Restated 2023 (Note 1(f)) $'000
Assets			
Current assets			
Cash and cash equivalents	5	**107,302**	122,747
Financial assets	8	**48,166**	38,831
Trade account advances and equipment and vehicle loans	4	**344,456**	337,935
Mutual reinsurance contract assets	6	**17,849**	20,955
Assets held for sale	9	**10,250**	-
Other current assets	13	**7,737**	5,635
Inventories	7	**3,974**	3,635
Total current assets		**539,734**	529,738
Non-current assets			
Equipment and vehicle loans	4	**58,972**	28,057
Financial assets	8	**193,536**	167,936
Right of use assets	14	**12,610**	3,991
Intangibles	10	**4,320**	6,395
Property, plant and equipment	11	**3,335**	13,504
Deferred tax assets	3(g)	**31,259**	29,165
Total non-current assets		**304,032**	249,048
Total assets		**843,766**	778,786
Liabilities			
Current liabilities			
Trade and other payables	15	**258,120**	255,694
Reward Points liability	2(c)	**106,156**	95,993
Mutual protection contract liabilities	17	**46,936**	45,985
Lease liabilities	14	**2,267**	1,539
Current tax liabilities	3(f)	**8,892**	6,127
Employee benefits	16	**4,529**	4,049
Total current liabilities		**426,900**	409,387
Non-current liabilities			
Lease liabilities	14	**10,685**	2,567
Employee benefits	16	**1,580**	1,420
Total non-current liabilities		**12,265**	3,987
Total liabilities		**436,165**	413,374
Net assets		**404,601**	365,412
Equity			
Issued capital	18(a)	**217,733**	207,812
Reserves	18(b)	**2,120**	2,183
Retained earnings	18(c)	**140,744**	120,498
Equity attributable to Members of Capricorn Society Limited	18(c)	**360,597**	330,493
Equity attributable to Members of Capricorn Mutual Limited	18(c)	**44,004**	34,919
Total equity		**404,601**	365,412

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2024

2024

	Attributable to Members of Capricorn Society					
	Issued capital $'000	Retained earnings $'000	Foreign currency reserve $'000	Members of Capricorn Society $'000	Members of Capricorn Mutual $'000	Total Equity $'000
Balance at 1 July 2023	207,812	120,498	2,183	330,493	34,919	**365,412**
Profit for the period	-	34,891	-	34,891	9,085	**43,976**
Other comprehensive income 18(b)	-	-	(63)	(63)	-	**(63)**
Total comprehensive income	**-**	**34,891**	**(63)**	**34,828**	**9,085**	**43,913**
Shares issued during the year 18(a)	26,998	-	-	26,998	-	**26,998**
Shares bought back during the year 18(a)	(17,077)	-	-	(17,077)	-	**(17,077)**
Dividends paid during the year 18(d)	-	(14,645)	-	(14,645)	-	**(14,645)**
Balance at 30 June 2024	**217,733**	**140,744**	**2,120**	**360,597**	**44,004**	**404,601**

Restated 2023

	Attributable to Members of Capricorn Society					
	Issued capital $'000	Retained earnings $'000	Foreign currency reserve $'000	Members of Capricorn Society $'000	Members of Capricorn Mutual $'000	Total Equity $'000
Balance as previously stated	197,245	99,397	1,098	297,740	-	**297,740**
Amount of restatement (Note 1(f))	-	-	-	-	27,432	**27,432**
Restated Balance at 1 July 2022 (Note 1(f))	197,245	99,397	1,098	297,740	27,432	**325,172**
Profit for the period	-	30,973	-	30,973	7,487	**38,460**
Other comprehensive income 18(b)	-	-	1,085	1,085	-	**1,085**
Total comprehensive income	-	30,973	1,085	32,058	7,487	**39,545**
Shares issued during the year 18(a)	23,318	-	-	23,318	-	**23,318**
Shares bought back during the year 18(a)	(12,751)	-	-	(12,751)	-	**(12,751)**
Dividends paid during the year 18(d)	-	(9,872)	-	(9,872)	-	**(9,872)**
Restated Balance at 30 June 2023	**207,812**	**120,498**	**2,183**	**330,493**	**34,919**	**365,412**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2024

	Notes	2024 $'000	Restated 2023 (Note 1(f)) $'000
Cash flows from operating activities:			
Receipts from Members		**3,614,092**	3,265,927
Reinsurance and other recoveries received		**4,191**	21,414
Payments to suppliers and employees		**(3,598,813)**	(3,270,585)
Other income received		**10,365**	27,330
Taxes paid		**(14,435)**	(20,132)
Net cash provided by operating activities	5(e)	**15,400**	23,954
Cash flows from investing activities:			
Interest received		**5,766**	4,481
Investment income received		**7,967**	7,586
Purchase of property plant and equipment		**(2,698)**	(611)
Purchase of term deposits		**(50,000)**	(40,000)
Proceeds from matured term deposits		**41,000**	27,000
Purchase of financial asset investments		**(40,500)**	(57,448)
Proceeds from disposal of financial asset investments		**19,121**	40,772
Proceeds from disposal of investment property		**-**	5
Net cash used in investing activities		**(19,344)**	(18,215)
Cash flows from financing activities:			
Proceeds from issue of shares		**13,171**	13,982
Buy-back of shares		**(17,053)**	(12,751)
Dividends paid by parent entity		**(883)**	(535)
Repayment of lease liabilities		**(2,475)**	(887)
Net cash used in financing activities		**(7,240)**	(191)
Net (decrease)/increase in cash held		**(11,184)**	5,548
Cash at beginning of financial year		**122,746**	117,343
Effect of exchange rates changes on the balance of cash held in foreign currencies		**(4,260)**	(144)
Cash at end of financial year	5(d)	**107,302**	122,747

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2024

1. Material accounting policies

(a) Corporate information

The consolidated financial statements of the Group incorporating Capricorn Society Limited (the "Parent") and its subsidiaries and Capricorn Mutual Limited and its subsidiaries (collectively, the "Consolidated Entity" or "Group") for the year ended 30 June 2024 were authorised for issue in accordance with a resolution of the directors on 18th September 2024.

The Parent is a non-listed public company, incorporated in Australia and operating in Australia and New Zealand. The principal activity of the Group during the financial year was the operation of an automotive parts and accessories buying company operating along cooperative principles. The Group provides trade account credit to Members who operate within the Automotive aftermarket industry. Other entities provide mutual financial risk products to Members of Capricorn to protect those Members from financial loss, business risk services including the management of the Mutual, travel and financial services.

(b) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

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

The financial report has been prepared on a historical cost basis, except for certain financial assets at fair value through profit or loss, inventory which has been measured at net realisable value and liabilities for incurred claims estimated by using a range of standard actuarial claims.

The Group has determined for the purposes of preparing the financial statements it is a for-profit entity.

(c) Principles of consolidation

The consolidated financial statements comprise the financial statements of Capricorn Society Limited and its subsidiaries and Capricorn Mutual Limited and its subsidiaries as at 30 June each year.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit or losses resulting from intragroup transactions have been eliminated in full.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. Specifically, the Group controls a subsidiary if and only if the Group has:

- power over the subsidiary (i.e. existing rights that give it the current ability to direct the relevant activities of the subsidiary),
- exposure, or rights, to variable returns from its involvement with the subsidiary, and
- the ability to use its power over the subsidiary to affect its returns.

1. Material accounting policies (continued)

(c) Principles of consolidation (continued)

When the Group has less than a majority of the voting or similar rights of a subsidiary, the Group considers all relevant facts and circumstances in assessing whether it has power over a subsidiary, including:

- the contractual arrangement with the other vote holders of the investee,
- rights arising from other contractual arrangements, and
- the Group's voting rights and potential voting rights.

The Parent re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Financial Position and the Consolidated Statement of Profit or Loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the Consolidated Statement of Profit or Loss, Consolidated Statement of Other Comprehensive Income and within equity in the Consolidated Statement of Financial Position. Losses are attributed to the noncontrolling interests even if that results in a deficit balance. Profit or loss and net assets allocated to Members of the Mutual represent non-controlling interests, which excludes Capricorn Society's share being one of approximately 12,000 Members.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of the parent entity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Functional and presentation currency

The functional currency of each of the Group's entities is determined using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the spot rate at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate.

1. Material accounting policies (continued)

(d) Functional and presentation currency (continued)

Transactions and balances (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated using the average exchange rates prevailing during the period. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(e) Changes in accounting policies and disclosures

New and amended standards and interpretations

Since 1 July 2023, the Group has adopted all Accounting Standards and Interpretations effective from 1 July 2023. The accounting policies adopted are consistent with those of the previous financial year. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several new and amended Accounting Standards and Interpretations applied for the first time from 1 July 2023, but did not have a significant impact on the consolidated financial statements of the Group and, hence, have not been disclosed.

(f) Consolidation of Capricorn Mutual Limited

The Group has restated its consolidated financial statements to consolidate Capricorn Mutual Limited ("CML") retrospectively. CML provides mutual financial risk products to Members of Capricorn to protect those Members from financial loss. The opening balances of assets, liabilities and equity have been restated for the comparative period (i.e. from 1 July 2022).

The table below presents the amount of restatement for each financial statement line item affected for the prior period presented. (CML applied AASB 17 from 1 July 2023, with retrospective application as if AASB 17 had always been in effect i.e. from 1 July 2022):

Impact on equity (increase/(decrease) in equity)

	30 June 2023 $'000	1 July 2022 $'000
Current assets		
Cash and cash equivalents	21,969	27,121
Mutual reinsurance contract assets	20,955	47,435
Other current assets	(291)	330
Financial assets	38,831	26,099
Total current assets	**81,464**	**100,985**
Total assets	**81,464**	**100,985**

1. Material accounting policies (continued)

(f) Consolidation of Capricorn Mutual Limited (continued)

Impact on equity (increase/(decrease) in equity) (continued)

	30 June 2023 $'000	1 July 2022 $'000
Liabilities		
Current liabilities		
Trade and other payables	391	-
Mutual protection contract liabilities	45,985	68,389
Current tax liabilities	169	5,163
Total current liabilities	**46,545**	**73,552**
Total liabilities	**46,545**	**73,552**
Net assets	**34,919**	**27,433**
Net impact on total equity, being equity attributable to members of Capricorn Mutual	**34,919**	**27,433**

Impact on statement of profit or loss (increase/(decrease) in profit)

	30 June 2023 $'000
Other interest revenue	1,498
Other income	135
Mutual protection service result	9,064
Total revenue	**10,697**
Employee benefit expense	(395)
Other expenses	(1,773)
Total expenses	**(2,168)**
Net finance result from reinsurance contracts	(740)
Profit before tax	**7,789**
Income tax expense	(302)
Net impact on profit after tax for the year	**7,487**

Impact on statement of cash flow (increase/(decrease) in cash)

	30 June 2023 $'000
Cash flows from operating activities:	
Receipts from Members	(24,187)
Payments to suppliers and employees	39,526
Management fees received	(30,806)
Other income received	21,550
Taxes paid	(4)
Net impact on cash flows from operating activities	**6,079**
Cash flows from investing activities:	
Interest received	1,766
Purchase of term deposits	(40,000)
Redemption of term deposits	(27,000)
Net impact on cash flows from investing activities	**(11,234)**

1. Material accounting policies (continued)

(g) Overview and classification of protection and reinsurance contracts

Capricorn Mutual Limited is a discretionary mutual that offers non-life protection coverage exclusively for its Members and their associates, who are also Capricorn Society Ltd Members. The non-life products include Liability, Motor and Property. The Mutual refers to its contracts as protections, and premiums as contributions.

Unlike an insurance company, the Mutual operates as a non-profit entity solely for the benefit of its members. As a discretionary mutual, the Capricorn Mutual Board has the ability to make discretionary decisions pertaining to membership admittance, scope of protections and claims decisions. The Mutual issues protection contracts in the normal course of business, under which it accepts significant protection risk from its policyholders. As a general guideline, the Mutual determines whether it has significant protection risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Protection contracts can also transfer financial risk. The Mutual does not issue reinsurance contracts, but it does hold excess of loss reinsurance contracts for its own protection and risk mitigation. The reinsurance contracts held are purchased for the underlying protection contracts it issues. Some of these reinsurance contracts held are losses occurring whereas the remaining others are risk-attaching ones.

The Mutual does not issue and contracts with direct participating features.

(h) Capricorn Mutual measurement - premium allocation approach (PAA)

Initial measurement – protection contracts

Capricorn Mutual (CML) applies the Premium Allocation approach (PAA) to all the protection contracts that it issues, as the coverage period of each contract in the group is one year.

For a group of contracts that is not onerous at initial recognition, CML measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition;
- Minus any protection acquisition cash flows at that date;
- Plus, or minus any amount arising from the derecognition at that date of the asset recognised for protection acquisition cash flows; and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that CML pays or receives before the group of protection contracts is recognised.

For all the groups of protection contracts issued, there is no allowance for time value of money and the effect of financial risk for the liability for remaining coverage since the time between providing each part of the services and the related premium due date is no more than a year.

Where facts and circumstances indicate that contracts are onerous at initial recognition, CML performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and CML recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of liability for the group being equal to the fulfilment cash flows.

Initial measurement - reinsurance contracts held

CML applies the Premium Allocation approach (PAA) to all the reinsurance contracts held since:

- the losses occurring contracts held qualify automatically for PAA owing to the coverage period of one year; and
- the risk-attaching contracts held have been assessed to meet the eligibility criteria for PAA.

1. Material accounting policies (continued)

(h) Capricorn Mutual measurement - premium allocation approach (PAA)(continued)

Where a loss on initial recognition of an onerous group of underlying protection contracts is recognised or when further onerous underlying protection contracts are added to a group, CML establishes a loss recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

Subsequent measurement – Protection contracts

CML measures the carrying amount of liability for remaining coverage at the end of each reporting period as liability for remaining coverage at the beginning of the period:

- Plus, premiums received in the period;
- Minus protection acquisition cash flows;
- Plus, any amounts relating to the amortisation of the protection acquisition cash flows recognised as an expense in the reporting period for the group;
- Plus, any adjustment to the financing component, where applicable; and
- Minus the amount recognised as protection revenue for the services provided in the period.

CML estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. They reflect current estimates from the perspective of CML and include an explicit adjustment for non-financial risk (the risk adjustment). The liability is discounted for time value of money and financial risks.

Where, during the coverage period, facts and circumstances indicate that a group of protection contracts is onerous, CML recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of liability for the group being equal to the fulfilment cash flows. A loss component is established by CML for liability for remaining coverage for such onerous group depicting the losses recognised. Protection acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through protection revenue). The subsequent measurement of reinsurance contracts held follows the same principles as those for protection contracts issued and has been adapted to reflect the specific features of reinsurance held.

(i) Critical accounting estimates and judgments

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and accompanying disclosures, and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that requires a material adjustment to the carrying amounts of certain assets and liabilities. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

1. Material accounting policies (continued)

(i) Critical accounting estimates and judgments (continued)

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

The Group sells advertising space in its publications to Preferred Suppliers and recognises the revenue arising from these contracts with customers at the point in time upon the fulfilment of the single performance obligation, being the point when the associated publication is issued. The Group applied judgement in assessing the performance obligations and the timing of the fulfilment of the performance obligations under the contract.

The Group provides insurance broking services for which it receives fees and commission. The Group exercised judgement in determining the performance obligations and the timing of the fulfilment of the performance obligations under the contract. The Group applied judgement in determining the fulfilment of the performance obligations occurs over the time for the duration of the service contract and at a point in time for the insurance broking contract.

The Group earns merchandise income when Members redeem reward points for merchandise or gift cards from a third party under the Group's loyalty Reward Points program. The Group applied judgement in assessing the performance obligations and the timing of the fulfilment of the performance obligations at a point in time under the terms of the loyalty Reward Points program.

Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques that analyse experience, trends and other relevant factors. The estimation process involves using Mutual's specific data, relevant industry data and more general economic data. Each class of business is examined separately and the process involves consideration of a large number of factors. These factors may include the risks to which the business is exposed at a point in time, claim frequencies and average claim sizes, historical trends in the incidence and development of claims reported and finalised, legal, social and economic factors that may impact upon each class of business, the key actuarial assumptions and the impact of reinsurance and other recoveries.

Different actuarial valuation models are used for different claim types and lines of business. The selection of the appropriate actuarial model considers the characteristics of a claim type and class of business and extent of the development of each past accident period. Other key circumstances affecting the reliability of assumptions include variation in interest rates and delays in settlement. When measuring liabilities for incurred claims, an explicit 'risk adjustment for non-financial risk' is included.

Given the size and nature of Mutual's risk profile, the Mutual has estimated the risk adjustment using a Confidence Level (Probability of Sufficiency) approach at the 90th percentile (2023: 90th percentile).

Leases

In determining whether the Group's contracts contain, or are, leases, management must use judgment in assessing whether the contract provides the customer with the right to substantially all economic benefits from the use of the asset during the lease term and whether the customer obtains the right to direct the use of the asset during the lease term. For those agreements considered to contain, or be, leases, further judgment is required to determine the lease term by assessing whether termination or extension options are reasonably certain to be exercised.

1. Material accounting policies (continued)

(i) Critical accounting estimates and judgments (continued)

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Determination of fair value

The Group has an established control framework with respect to the measurement of fair values. Senior finance management has overall responsibility for overseeing all significant fair value measurements and reports directly to the Chief Financial Officer. Senior finance management will apply judgment in determining how the Group's financial assets and liabilities measured at fair value are categorised within the fair value hierarchy.

If third party information is used to measure fair values, then senior finance management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of the Accounting Standards, including the level in the fair value hierarchy in which such valuations are classified. Significant valuation issues are reported to the Group's Audit & Risk Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as disclosed in Note 20.

Income taxes

Deferred tax assets (DTA) are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profit along with future tax planning strategies. Management considers forecast future taxable income over a 5-year horizon and performs stress testing of budgets to ensure DTA recoverability is appropriate. Deferred tax assets are not recognised where utilisation is not considered probable.

Provision for expected credit loss (ECL) on trade account advance

Capricorn has transitioned to a new collective provision (CP) model for its members. This model uses a statistical approach to estimate potential losses based on three key components:

1. Probability of Default (PD): The likelihood that a member will default on their financial obligations within a 24-month period. PD is predicted using logistic regression, considering factors like overdue payments and related account defaults.
2. Loss Given Default (LGD): The percentage of exposure likely to be lost if a member defaults. LGD is estimated using linear regression, considering the present value of write-offs and balances at default.
3. Exposure at Default (EAD): The estimated exposure at the point of default, calculated as the maximum of either the balance or the limit.

1. Material accounting policies (continued)

(i) Critical accounting estimates and judgments (continued)

The CP model calculates the provision for losses incurred but not yet identified over a 24-month emergence period. While the model's output can vary with monthly sales, management recognizes a forward-looking provision amount based on a trend line to account for seasonal fluctuations.

The information about the Group's Trade Receivables and ECL's is disclosed in Note 4.

(j) Investments in joint arrangements

Joint arrangements are arrangements of which two or more parties have joint control. Joint control is the contractual agreed sharing of control which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as either a joint operation or joint venture, based on the rights and obligations arising from the contractual obligations between the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the individual assets and obligations arising from the joint arrangement, the arrangement is classified as a joint operation and as such, the Group recognises its:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Share of revenue from the sale of the output by the joint operation; and
- Expenses, including its share of any expenses incurred jointly.

The Group has a direct interest in one unincorporated joint operation shown below:

Joint arrangement	Principal activities	% Interest 2024	% Interest 2023
BS26	Development of Busselton property into lots for sale	50%	50%

During the year ended 30 June 2024, the sale of lots and the development of the remaining property continued. During the year, development costs were incurred of $1,078,227 (2023: $602,000).

2. Revenues and expenses

(a) Revenue from contracts with customers

2024	Commission income $'000	Advertising income $'000	Reward merchandise income $'000	Total $'000
Geographical markets				
Australia	3,512	2,776	13,987	20,275
New Zealand	290	500	2,366	3,156
Total revenue from contracts with customers	3,802	3,726	16,353	23,431

2024	Commission income $'000	Advertising income $'000	Reward merchandise income $'000	Total $'000
Timing of revenue recognition				
Revenue earned at a point in time	3,802	3,276	16,353	23,431
Total revenue from contracts with customers	3,802	3,276	16,353	23,431

Restated 2023	Commission income $'000	Advertising income $'000	Reward merchandise income $'000	Total $'000
Geographical markets				
Australia	3,250	1,948	11,442	16,640
New Zealand	245	562	2,100	2,907
Total revenue from contracts with customers	3,495	2,510	13,542	19,547

Restated 2023	Commission income $'000	Advertising income $'000	Reward merchandise income $'000	Total $'000
Timing of revenue recognition				
Revenue earned at a point in time	3,495	2,510	13,542	19,547
Total revenue from contracts with customers	3,495	2,510	13,542	19,547

Revenue from contracts with customers

The Group's core business activity is facilitating procurement of a wide variety of goods and services for its Members operating in the automotive services sector. As discussed above under critical accounting estimates and judgments (see note 1(j)), trade account revenue is accounted for using the effective interest rate method. There are a number of other activities the Group undertakes in addition to the core business activity as described, namely administration and support services to a related party, producing advertising publications for Members and Preferred Suppliers and insurance product referrals.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

2. Revenues and expenses (continued)

(a) Revenue from contracts with customers (continued)

Commission income

The Group earns commission from third party insurance product providers for the referral of Members. Revenue arising from the arrangement is recognised in full at the point in time that the insurance policy is written by the third party or related party product provider.

Advertising income

The Group sells advertising space to Preferred Suppliers in publications produced by the Group for the benefit of Members.

Revenue arising from the sale of advertising space is recognised in full at the point in time when the publication is produced and distributed to the Members.

Reward merchandise income

The Group earns merchandise income when Members redeem reward points for merchandise or gift cards under the Group's loyalty Reward Points programme. Revenue arising from the reward merchandise income is recognised in full at the point in time when the Member redeems the reward points.

(b) Trade account revenue

The Group is in the business of facilitating procurement of a wide variety of goods and services for its Members from Preferred Suppliers operating in the automotive services sector, via the advancement of credit, the provision of settlement services and the provision of ancillary services to support the procurement.

The Group has concluded that this is a financing transaction and accordingly trade account revenue is recognised in the income statement using the effective interest method. The effective interest method measures the amortised cost of a trade account advances using the effective interest rate. The effective interest rate discounts the estimated stream of future cash receipts over the expected life of the trade account advances to the gross carrying amount of the trade account advances.

(c) Reward Points program

The Group operates a loyalty Reward Points program which allows Members to accumulate points when they purchase goods and services from Preferred Suppliers using their Capricorn account. The points can be redeemed for gift cards, products, travel or can be used to settle the Member's account with Capricorn, at the Member's discretion. The fair value of the Reward Points awarded to the Member is recognised as a financial liability until the points are redeemed. Revenue is recognised upon redemption by the Member if the Member elects to redeem the Reward Points in exchange for goods or services. Where the Member elects to redeem the Reward Points to settle their trade account advances, no further revenue is recognised.

Liability for unredeemed Reward Points

	2024 $'000	Restated 2023 $'000
Reward Points		
Opening Balance – Liability for unredeemed Reward Points at 1 July	95,993	82,112
Reward Points issued	56,595	51,804
Reward Points issued - Member trade rebate (Note 2(h))	17,002	14,857
Reward Points provided by Preferred Suppliers	4,950	7,367
Reward Points redeemed	(68,384)	(60,147)
Closing Balance – Liability for unredeemed Reward Points	106,156	95,993

2. Revenues and expenses (continued)

(c) Reward Points program (continued)

Reward Points are earned by Members through eligible purchases from suppliers. The fair value of the liability is recognised at the time Members conduct purchase transactions with Preferred Suppliers and is subsequently measured at amortised cost. The liability for Reward Points is redeemable to settle trade account advance or for goods or services at the Members' discretion.

Member trade rebate that has been declared after year end and not yet allocated to Members is disclosed in Note 25.

(d) Mutual net protection financial result

	2024 $'000	Restated 2023 $'000
Protection revenue	**131,246**	108,868
Protection service expenses	**(102,888)**	(83,914)
Net expenses from reinsurance contracts held	**(12,117)**	(16,059)
Member loyalty rebate – set off against protection revenue	**(5,000)**	-
Protection service result	**11,241**	8,895
Finance income from reinsurance contracts held	**363**	148
Finance expense from protection contracts held	**(1,529)**	(888)
Net protection financial result	**10,075**	8,156

Protection revenue

Protection revenue comprises amounts charged to Members of the Mutual excluding amounts collected on behalf of third parties. The protection revenue for the period is the amount of expected premium receipts allocated to the period, recognised in the Statements of Comprehensive Income when it has been earned. The Mutual also charges membership fees to its Members which are recognised as other income when charged.

Protection and reinsurance finance income or expense

Protection and reinsurance finance income or expenses comprise the change in the carrying amount of the group of protection contracts issued and reinsurance contracts held arising from:

- the effect of the time value of money and changes in the time value of money; and
- the effect of financial risk and changes in financial risk.

The Mutual considers the entire amount of finance income or expenses in profit or loss.

Net income or expense from reinsurance contracts held

Capricorn Mutual presents the amounts expected to be recovered from reinsurers and an allocation of the reinsurance premiums paid, as a net amount on the face of the Statement of Comprehensive Income.

2. Revenues and expenses (continued)

(e) Interest and other income

	2024 $'000	Restated 2023 $'000
Interest on financial assets at amortised cost	**19,591**	14,084
Interest revenue	**19,591**	14,084
Other income	**2,801**	2,142
Total – Other income	**2,801**	2,142

Interest revenue

Interest revenue is recognised on an effective interest rate basis that takes into account the interest rates applicable to the financial asset.

Other income

Other revenue is recognised as incurred and includes small items such as Caplink maintenance fees.

(f) Other operating income

	2024 $'000	Restated 2023 $'000
Profit from sale of financial assets	**-**	42
Remeasurement gain on financial assets at fair value through profit or loss	**5,017**	-
Foreign exchange gain realised	**28**	-
Investment income received	**7,967**	7,762
Profit from sale of inventories	**611**	403
Repairify Australia Pty Ltd marketing retainer	**288**	-
	13,911	8,207

Refer to Notes 8 and 20 for a summary of the Groups financial asset investments, which are classified and measured as at fair value through profit or loss. Fair value gain on financial assets does not include dividends received which are presented separately.

Investment income

Dividend revenue is recognised in the income statement on an accrual basis when the Group's right to receive the dividend is established. Investment income is presented separately and is not included in the fair value gain or loss on the financial assets.

(g) Employee benefit expense

	2024 $'000	Restated 2023 $'000
Salary and wages	**42,231**	37,685
Superannuation	**5,010**	4,199
Commissions and bonuses	**3,334**	3,930
Other employee expenses	**3,659**	2,710
	54,313	48,524

2. Revenues and expenses (continued)

(h) Member trade rebate

A Member trade rebate of $17,002,000 was declared by the Board in September 2023. This was allocated to Members during the year ending 30 June 2024 in the form of Reward Points on a pro rata basis based on total Member spend in the 2023 financial year. A Member trade rebate in relation to total Member spend in the 2024 financial year was declared after year end, see subsequent event Note 25.

(i) Other expenses

	2024	Restated 2023
	$'000	$'000
Provision for expected credit losses	**2,061**	1,331
Travel expenses	**2,819**	2,044
Information technology and communication expenses	**8,221**	6,618
Lease rental expenses	**627**	289
Loss on disposal of plant & equipment	**7**	17
Allowance for impairment of building	**-**	1,500
Remeasurement loss on asset held for sale	**1,738**	-
Foreign exchange loss realised	**-**	4
Remeasurement loss on financial assets at fair value through profit or loss	**-**	74
Consulting expenses	**4,390**	3,774
Trade commissions	**2,386**	1,852
Insurance, legal & accounting fees	**3,235**	2,909
Reward merchandise expense	**16,405**	14,115
Other operating expenses	**1,461**	371
	43,350	34,898

3. Income tax

(a) The major components of income tax expense are:

	2024	Restated 2023
	$'000	$'000
Consolidated Statement of Profit or Loss		
Current income tax:		
Current income tax charge	**17,909**	19,222
Adjustments in respect of current income tax of previous year	**(1,598)**	68
Deferred tax:		
Under/(over) provision for deferred tax in prior year	**407**	715
Relating to origination and reversal of temporary differences	**(2,502)**	(5,407)
Income tax expense reported in the Consolidated Statement of Profit or Loss	**14,216**	14,598

3. Income tax (continued)

(b) Reconciliation of tax expense and the accounting profit multiplied by Australia's domestic tax rate for 2023 and 2024:

	2024	Restated 2023
	$'000	$'000
Accounting profit before income tax	**58,196**	53,058
Income tax at Australia's statutory tax rate of 30% (2023: 30%)	**17,459**	15,917
Tax effect of:		
- Non-deductible expense for tax purposes	**521**	271
- Mutual activities not subject to tax	**(2,382)**	(2,299)
- Under/(over) provision for income tax in prior year	**(1,598)**	153
- Under/(over) provision for deferred tax in prior year	**407**	715
- Effect of foreign income tax	**(191)**	(159)
Income tax reported in the Consolidated Statement of Profit or Loss	**14,216**	14,598

(c) Tax Losses

The Group does not have any unused tax losses at 30 June 2024.

(d) Tax consolidation

Capricorn Society Limited and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'standalone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the parent entity. The tax consolidated group has entered into a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the parent entity.

(e) Tax on mutual contributions

The Mutal is limited by guarantee and operates for the mutual benefit of Members. Accordingly, the Mutual is not liable for income tax on contributions received from Members, nor are the related outgoings tax deductible. The Mutal is, however, liable for income tax on investment income.

(f) Current tax liabilities

	2024	Restated 2023
	$'000	$'000
Current tax liabilities	**8,680**	5,972
Fringe benefits tax	**212**	155
	8,892	6,127

3. Income tax (continued)

(g) Deferred tax assets (liabilities)

	2024 $'000	Restated 2023 $'000
Doubtful debts	**2,084**	2,262
Provisions and accruals	**3,131**	3,619
Reward Points	**26,548**	23,824
Intangibles	**(1,055)**	(1,681)
Other sundry accounts	**551**	1,141
	31,259	29,165

Deferred tax is provided for using the full liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

No deferred tax recognised on the initial recognition of an asset or liability, excluding those acquired in a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date.

Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current assets and liabilities are offset where a legally enforceable right of setoff exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of setoff exists for current tax assets against current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either: the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

3. Income tax (continued)

(h) Goods 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 relevant tax authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Consolidated Statement of Cash Flows on a net basis except for receipts from Members and payments to Suppliers, which includes GST of the Member and Supplier, which Capricorn is not party to. The GST component of investing and financing activities is disclosed as operating cash flows.

4. Trade account advances and equipment and vehicle loans

	2024 $'000	Restated 2023 $'000
Current		
Trade account advances	**301,830**	308,147
Equipment and vehicle loans	**35,639**	22,834
Allowance for impairment of advances and loans	**(6,566)**	(7,072)
	330,903	323,909
Other receivables	**13,553**	14,026
	344,456	337,935
Non-current		
Equipment and vehicle loans	**59,416**	28,625
Allowance for impairment of loans	**(444)**	(568)
	58,972	28,057

Trade account advances and equipment and vehicle loans are recognised initially at fair value and subsequently measured at amortised cost, less expected credit loss.

Current trade account advances are non-interest bearing and are on 30 days after month end terms. Current equipment and vehicle loans are non-interest bearing and subject to various contractual terms not exceeding 30 days. Non-current equipment and vehicle loans are fixed interest loans to Members, with terms greater than 12 months. Collectability of trade account advances and equipment and vehicle loans is reviewed on an ongoing basis. Trade account advances and equipment and vehicle loans which are known to be uncollectible are written off.

Capricorn's new collective provision (CP) model takes a comprehensive statistical approach to estimate potential financial losses. This is based on the three following components:

1. Probability of Default (PD): PD is the probability that a member will default on their financial obligations within the next 24 months. Where logistic regression is used to predict PD. This regression model considers factors such as overdue payments and historical account defaults. By estimating PD, Capricorn can gauge the likelihood of a member defaulting and adjust provisions accordingly.
2. Loss Given Default (LGD): LGD represents the percentage of exposure that is expected to be lost if a default occurs. LGD is estimated using linear regression, which considers historical write-offs and account balances at the time of default. This aids in quantifying the financial impact of defaults and ensures that the provision accounts for potential losses based on historical data.

4. Trade account advances and equipment and vehicle loans (continued)

3. Exposure at Default (EAD): EAD is the total amount exposed to loss at the point of default. EAD is determined as the maximum between the account balance and the credit limit at the time of default. By calculating EAD, Capricorn ensures it estimates the highest possible exposure that could be affected in the event of a default.

The CP model calculates provisions for losses that have been incurred but not yet identified, over a 24-month emergence period. Management uses a trend line to adjust the provision amount, accounting for seasonal variations and fluctuations in monthly sales. This approach ensures that provisions are adequate despite variations in business activity.

Overall, Capricorn's model aims to provide a forward-looking, statistically grounded estimate of potential losses, aligning with AASB 9 requirements. By incorporating PD, LGD, and EAD, and adjusting for trends and seasonality, the model aims to accurately reflect the financial risks and ensure sufficient provisions for potential losses.

The Group utilises its credit department and external debt collection agencies to recover outstanding debts. Once a debt becomes unrecoverable, the Group will write it off however debts under enforcement activity, which amounted to $5,258,000 (2023: $4,046,000), will continue to be monitored.

The Group has recognised a provision reduction of $625,000 (2023 increase of: $1,331,000) in respect of the expected credit losses on trade account advances during the year ended 30 June 2024. This expense has been included in 'Other expenses' in the Consolidated Statement of Profit or Loss.

Movement in allowance for impairment of trade account advances and equipment and vehicle loans

	2024 $'000	Restated 2023 $'000
Current		
Opening balance at 1 July	**(7,072)**	(7,264)
Charge for year to Profit or Loss – trade account advances and equipment and vehicle loans	**(2,010)**	(1,267)
Debts previously provided for fully written off	**2,516**	1,480
Exchange movement	**-**	(21)
Closing balance at 30 June	**(6,566)**	(7,072)
Non-current		
Opening balance at 1 July	**(568)**	(718)
Charge for year to Profit or Loss – equipment and vehicle loans	**(46)**	(64)
Debts previously provided for fully written off	**170**	211
Exchange movement	**-**	3
Closing balance at 30 June	**(444)**	(568)
Total	**(7,010)**	(7,640)

The Group experienced strong sales growth during the period and the impairment of receivables is improving with collections remaining strong. The trade account advances and equipment and vehicle loans balance at 30 June 2024 increased by $36,860,000 or 10% on the prior period.

Analysis of trade account advances ageing and impairment includes both current and non-current trade account advances and equipment and vehicle loans and is set out below. Trade account advances form part of "Trade account advances and equipment and vehicle loans " included above.

4. Trade account advances and equipment and vehicle loans (continued)

Additional disclosures are provided for the gross carrying amount of trade account advances and equipment and vehicle loans:

	ECL risk rating	Gross carrying amount $'000	Impairment $'000
2024			
Not yet due:			
Current trade account advances and equipment and vehicle loans	**Low**	**316,005**	**(2,798)**
Current other receivables	**Low**	**13,553**	**-**
Non – current equipment and vehicle loans	**Low**	**59,416**	**(444)**
Past due:			
30 days	**Low**	**15,970**	**(109)**
60 days	**Moderate**	**1,006**	**(16)**
90 days	**High**	**685**	**(11)**
90+ days	**High**	**3,803**	**(3,632)**
Total		**410,438**	**(7,010)**
Restated 2023			
Not yet due:			
Current trade account advances and equipment and vehicle loans	Low	317,268	(3,764)
Current other receivables	Low	14,026	-
Non – current equipment and vehicle loans	Low	28,625	(568)
Past due:			
30 days	Low	9,896	(599)
60 days	Moderate	551	(243)
90 days	High	540	(276)
90+ days	High	2,726	(2,190)
Total		373,632	(7,640)

5. Cash and cash equivalents

	2024	Restated 2023
	$'000	$'000
Cash at bank	97,229	91,253
Short-term deposits	10,073	31,494
	107,302	122,747

Cash and cash equivalents include cash on hand, deposits held at call with banks.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and deposits held at call as defined above.

(a) Cash at bank and on hand

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(b) Short-term deposits

Short term deposits are made for varying periods of between one day and 3 months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. Due to the short-term nature of these deposits and the high credit quality of the bank counterparties, the Group determines that they are subject to an insignificant risk of changes in value. See Note 21(d).

(c) Banking facilities

At 30 June 2024, the Group had available the following undrawn committed borrowing facilities in respect of which all conditions had been met:

	2024	Restated 2023
	$'000	$'000
Business Visa Card Facility	1,150	1,001

(d) Reconciliation to the Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash on hand and at bank, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2024	Restated 2023
	$'000	$'000
Cash and cash equivalents	107,302	122,747

5. Cash and cash equivalents (continued)

(e) Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2024	Restated 2023
	$'000	$'000
Profit after tax for the year	43,976	38,460
Cash flows excluded from profit attributable to operating activities:		
Non-cash flows in profit:		
Depreciation and amortisation	5,829	4,573
Fair value adjustments	(3,034)	74
Other non-cash items	1,033	1,763
Items disclosed as cash from investing & financing activities:		
Interest and dividend income	(14,069)	(11,067)
Lease payments	2,473	
Changes in assets and liabilities:		
Increase in trade and term receivables and other assets	(39,886)	(55,628)
Increase in trade and other payables	507	50,099
Decrease in Mutual reinsurance contract assets	3,106	26,480
Decrease in Mutual protection contract liabilities	14,147	(26,149)
Increase in GST liability	3	34
Increase in employee benefits	640	117
Increase/(Decrease) in tax liabilities	675	(4,802)
Net cash from operating activities	15,400	23,954

6. Mutual reinsurance contract assets

The roll-forward of the net assets for Mutual reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims arising on insurance ceded to reinsurers in the tables below:

2024	Assets for remaining coverage	Amounts recoverable on incurred claims		
	Excluding loss-recovery component $'000	Present value of future cash flows $'000	Risk adjustment $'000	Total $'000
Mutual reinsurance contract assets at 1 July 2023	**1,278**	**15,491**	**4,186**	**20,955**
Reinsurance expense	**(11,926)**	**-**	**-**	**(11,926)**
Recoveries of incurred claims and other attributable expenses	-	1,916	720	2,636
Changes to amounts recoverable for incurred claims - prior accident years	-	(551)	(2,276)	(2,827)
Reinsurance income	-	**1,365**	**(1,556)**	**(191)**
Protection service result	**(11,926)**	**1,365**	**(1,556)**	**(12,117)**
Reinsurance finance income	-	273	89	362
Effect of changes in non-performance risk of reinsurers	-	1	-	1
Statements of Comprehensive Income	**(11,926)**	**1,639**	**(1,467)**	**(11,754)**
Cash flows				
Premiums paid	12,839	-	-	12,839
Reinsurance recoveries received	-	(4,191)	-	(4,191)
Total cash flows	**12,839**	**(4,191)**	**-**	**8,648**
Mutual reinsurance contract assets at 30 June 2024	**2,191**	**12,939**	**2,719**	**17,849**

6. Mutual reinsurance contract assets (continued)

Restated 2023	Assets for remaining coverage	Amounts recoverable on incurred claims		
	Excluding loss-recovery component $'000	Present value of future cash flows $'000	Risk adjustment $'000	Total $'000
Mutual reinsurance contract assets at 1 July 2022	**2,180**	**35,723**	**9,532**	**47,435**
Reinsurance expense	**(11,746)**	**-**	**-**	**(11,746)**
Recoveries of incurred claims and other attributable expenses	-	2,983	1,452	4,435
Changes to amounts recoverable for incurred claims - prior accident years	-	(1,919)	(6,829)	(8,748)
Reinsurance income	**-**	**1,064**	**(5,377)**	**(4,313)**
Protection service result	**(11,746)**	**1,064**	**(5,377)**	**(16,059)**
Reinsurance finance income	-	115	31	146
Effect of changes in non-performance risk of reinsurers	-	3	-	3
Statements of Comprehensive Income	**(11,746)**	**1,182**	**(5,346)**	**(15,910)**
Cash flows				
Premiums paid	10,844	-	-	10,844
Reinsurance recoveries received	-	(21,414)	-	(21,414)
Total cash flows	**10,844**	**(21,414)**	**-**	**(10,570)**
Mutual reinsurance contract assets at 30 June 2023	**1,278**	**15,491**	**4,186**	**20,955**

7. Inventories

Inventory relates to land currently under development in Busselton. The Group is developing the land to sell as residential lots in conjunction with the Group's joint operation partner, who is an experienced developer. The Group is required to carry inventory at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise and the estimate of costs to complete. The key assumptions require the use of management judgement and are reviewed annually.

	2024 **$'000**	Restated 2023 $'000
Opening inventories	**3,635**	3,725
Capitalised development costs	**1,078**	602
Inventories sold during the period	**(739)**	(692)
	3,974	3,635

8. Financial assets

The Group's financial assets include investments in unit trusts, hybrid securities, listed and unlisted securities. Refer to Note 20 for breakdown and classification at balance date.

Recognition and initial measurement

Financial assets are recognised when the entity becomes a party to contractual provisions of the instruments. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial assets are initially measured at fair value on trade date, which includes transaction costs in the case of financial assets classified and measured as at amortised cost. Subsequent to initial recognition the Group's financial assets are measured as set out below.

(a) Investment in hybrid securities

Investments in hybrid securities comprise of income producing preference notes offered by Australian financial institutions, where the underlying portfolio investment consists of fixed interest securities with an option to convert to shares upon maturity. The investment strategy is "balanced growth" yielding both a return of income and capital. The investments in hybrid securities are classified and measured at fair value through profit or loss.

(b) Investment in Government bonds

Investments in government and other bonds comprise of income producing bonds offered by Federal and State treasury corporations and other government entities, where the underlying portfolio investment consists of fixed interest securities. The investment strategy is "balanced growth" yielding both a return of income and capital. The investments in government and other bonds are classified and measured at fair value through profit or loss.

(c) Investment in fixed interest securities

Investments in fixed interest securities comprise of income producing bonds offered by listed and other private entities, where the underlying portfolio investment consists of fixed interest securities. The investment strategy is "balanced growth" yielding both a return of income and capital. The investments in fixed interest securities are classified and measured at fair value through profit or loss.

(d) Investment in listed securities

Investments in listed securities comprise of ordinary shares and options in ASX listed companies. The investment strategy is "capital growth". The investments in listed securities are classified and measured at fair value through profit or loss.

(e) Investments in unit trusts

Investments in unit trusts comprise managed portfolio investments, where the underlying portfolio investment consists of shares traded in active markets. The investment strategy is "balanced growth" yielding both a return of income and capital. The portfolio managers may alter the asset class weighting in accordance with the investment strategy. The investments in unit trusts are classified and measured at fair value through profit or loss.

8. Financial assets (continued)

(f) Term deposits

Term deposits are recognised initially at fair value and subsequently measured at amortised cost, less expected credit loss. Term deposits are made with Australian banks for varying periods of between 4 and 12 months, depending on the immediate cash requirements of the Group, and earn interest at the respective term deposit rates. Due to the short-term nature of these deposits, and the credit rating of the counterparties, the Group determines that term deposits are subject to an insignificant risk of changes in value.

9. Asset held for sale

	2024 $'000	Restated 2023 $'000
Opening balance at 1 July	-	-
Reclassification from property, plant and equipment	11,987	-
Fair value revaluation	(1,737)	-
Closing balance at 30 June	10,250	-

The property at 28 Troode Street West Perth WA ("Troode Street"), previously the head office location of the group, was disclosed in the 2023 annual report as Property, Plant & Equipment.

During the 2024 financial year, the Group made the decision to vacate Troode Street and move to a leased office in the Perth CBD.

Troode St was placed on the market and is currently subject to an option to purchase with an arm's length third party.

The option to purchase agreement is for $10,250,000. As this amount is arm's length, the Group asserts this is a reasonable estimate of fair value for the purposes of AASB 5. Selling costs have not been finalised but will be immaterial to the fair value disclosed as at 30 June 2024.

10. Intangibles

	Software costs $'000
Gross carrying value	
At 1 July 2022 at cost	**22,682**
Reclassification from work in progress to property plant and equipment	(36)
At 30 June 2023 at cost (restated)	**22,646**
Additions	400
At 30 June 2024 at cost	**23,046**
Accumulated amortisation	
At 1 July 2022	**(13,796)**
Amortisation	(2,490)
Disposals	36
At 30 June 2023 (restated)	**(16,250)**
Amortisation	(2,476)
Disposals	-
At 30 June 2024	**(18,726)**
Net book value	
At 30 June 2023 (restated)	6,396
At 30 June 2024	**4,320**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The Group determined that software development costs for the replacement of the Group's Enterprise Resource Planning system meet the criteria of AASB 138 intangible assets and have been capitalised and presented as such.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Consolidated Statement of Profit or Loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Profit or Loss when the asset is derecognised.

Amortisation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- Software – 5 to 10 years

11. Property plant and equipment

	Freehold land $'000	Freehold buildings $'000	Leasehold improvements $'000	Furniture & fittings $'000	Computer hardware $'000	Computer software $'000	Total $'000
Gross carrying value							
At 1 July 2022 at cost	**9,101**	**5,252**	**-**	**2,609**	**5,472**	**1,998**	**24,432**
Additions	-	-	-	-	723	-	723
Disposals	-	(70)	-	(3)	(867)	(27)	(967)
At 30 June 2023 at cost (restated)	**9,101**	**5,182**	**-**	**2,606**	**5,328**	**1,971**	**24,188**
Additions	-	123	853	-	2,015	-	2,991
Disposals	-	-	-	(1)	(1,113)	(620)	(1,734)
Reclass to assets held for sale	(9,101)	(5,305)	-	(2,579)	(145)	-	(17,130)
At 30 June 2024 at cost	**-**	**-**	**853**	**26**	**6,085**	**1,351**	**8,315**
Accumulated depreciation and impairment							
At 1 July 2022	**-**	**(909)**	**-**	**(1,960)**	**(4,100)**	**(1,900)**	**(8,869)**
Depreciation charge for the year	-	(134)	-	(306)	(728)	(93)	(1,261)
Disposals	-	51	-	1	867	27	946
Impairment		(1,500)	-	-	-	-	(1,500)
At 30 June 2023 (restated)	**-**	**(2,492)**	**-**	**(2,265)**	**(3,961)**	**(1,966)**	**(10,684)**
Depreciation charge for the year	-	(129)	(2)	(121)	(898)	(4)	(1,154)
Disposals	-	-	-	1	1,096	619	1,716
Reclass to assets held for sale	-	2,621	-	2,376	145	-	5,142
At 30 June 2024	**-**	**-**	**(2)**	**(9)**	**(3,618)**	**(1,351)**	**(4,980)**
Net book value							
At 30 June 2023 (restated)	9,101	2,690	-	341	1,367	5	13,504
At 30 June 2024	**-**	**-**	**851**	**17**	**2,467**	**-**	**3,335**

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Land is measured at cost and buildings are measured at cost less accumulated depreciation and impairment losses.

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

- Buildings – 40 years
- Plant and equipment – 5 to 20 years
- Computer equipment – 3 years
- Furniture and fittings – 3 to 10 years

11. Property plant and equipment (continued)

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Consolidated Statement of Profit or Loss.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

12. Impairment of non-financial assets

At each reporting date, the Group reviews the carrying values of its non-financial assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate the recoverable amount of an individual asset, or the asset does not generate largely independent cash inflows, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount.

As at 30 June 2024, the Group has not identified any impairment triggers.

13. Other current assets

	2024	Restated 2023
	$'000	$'000
Accrued income	2,811	265
Other assets	4,926	5,370
	7,737	5,635

Other assets are non-interest bearing.

14. Leases

	Office premises	Equipment	Motor vehicles	Total
	$'000	$'000	$'000	$'000
Right of use assets				
1 July 2023	2,064	133	1,794	3,991
Additions	10,986	97	1,421	12,504
Lease adjustments	-	-	-	-
Depreciation for the period	(2,576)	(73)	(1,236)	(3,885)
Net Book Value – 30 June 2024	**10,474**	**157**	**1,979**	**12,610**
Accumulated Depreciation	(1,634)	(137)	(2,193)	(5,589)

	Office premises	Equipment	Motor vehicles	Total
	$'000	$'000	$'000	$'000
Right of use assets				
1 July 2022	113	180	1,726	2,019
Additions	2,433	17	1,310	3,760
Lease adjustments	(84)	-	-	(84)
Depreciation for the period	(398)	(64)	(1,242)	(1,704)
Net Book Value – 30 June 2023 (Restated)	**2,064**	**133**	**1,794**	**3,991**
Accumulated Depreciation	(229)	(127)	(2,193)	(2,549)

Amounts recognised in the Consolidated Statement of Profit or Loss

	2024	Restated 2023
	$'000	$'000
Depreciation expense on right of use assets	3,885	1,704
Interest expense on lease liabilities	644	200
Expenses on short term leases	-	-

The cash outflow for leases during the period amounted to $2,473,000 (2023: $887,000).

Lease liabilities

	2024	Restated 2023
	$'000	$'000
Current	2,267	1,539
Non-current	10,685	2,567
	12,952	4,106

14. Leases (continued)

Maturity analysis of lease liabilities

	2024	Restated 2023
	$'000	$'000
Undiscounted cash flows:		
Less than and including 1 year	**2,529**	1,769
Between 1 and 5 years	**16,992**	4,868
	19,521	6,637

Refer to Note 1 (i) for accounting policy on leases.

15. Trade and other payables

	2024	Restated 2023
	$'000	$'000
Trade payables	**232,968**	237,294
Sundry creditors and accruals	**14,609**	13,940
Other payables	**10,543**	4,460
	258,120	255,694

Trade and other payables are carried at amortised cost. Trade payables primarily represent liabilities to suppliers for purchases made by Members prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services by Members.

Trade payables are noninterest bearing and are normally settled on 30 day terms.

16. Employee benefit liability

	2024	Restated 2023
	$'000	$'000
Current provisions		
Annual leave	**3,007**	2,568
Long service leave	**1,522**	1,481
	4,529	4,049
Non-current provisions		
Long service leave	**1,580**	1,420

Wages, salaries and sick leave

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave which are expected to be settled wholly within 12 months of the reporting date, are recognised in respect of employees' services up to the reporting date and classified as short term. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

16. Employee benefit liability (continued)

Long service leave

The Group recognises a liability for long service leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected and future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality Australian corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Short term incentives (STI)

The Group recognises a liability and an expense for short term incentives (STI's) payable to senior executives and management in the year in which those incentives are earned. The Group recognises a liability within Trade and other payables on the Consolidated Statement of Financial Position where contractually obligated or where there is a past practice that has created a constructive obligation.

Key management personnel disclosures

Compensation of key management personnel of the Group:

	2024	Restated 2023
Short-term employee benefits	**5,876,858**	6,181,846
Post-employment benefits	**397,307**	345,218
Long-term employee benefits	**669,569**	665,848
Total compensation	**6,943,734**	7,192,912

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to directors, the Group CEO and senior executives. The directors share holdings are shown in the directors' report on page 44. The Group CEO and senior executives do not own shares or receive loans from the Group.

17. Mutual protection contract liabilities

The assets for insurance acquisition cash flows will be derecognised within a year and included in the measurement of the group of protection contracts to which they are allocated.

The roll-forward of the net liability for Mutual protection contracts issued, showing the liability for remaining coverage and the liability for incurred claims in the tables below.

2024	Liabilities for remaining coverage	Liabilities for incurred claims		
	Excluding loss component $'000	Present value of future cash flows $'000	Risk adjustment $'000	Total $'000
Mutual protection contract liabilities at 1 July 2023	**(8,437)**	**42,144**	**12,278**	**45,985**
Protection revenue	**(126,246)**	**-**	**-**	**(126,246)**
Incurred claims and other attributable expenses	6,180	95,966	9,662	111,808
Amortisation of protection acquisition cash flows	7,887	-	-	7,887
Changes to liabilities for incurred claims - prior accident years	-	(7,134)	(9,673)	(16,807)
Protection service expenses	**14,067**	**88,832**	**(11)**	**102,888**
Protection service result	**(112,179)**	**88,832**	**(11)**	**(23,358)**
Protection finance expenses	-	1,185	344	1,529
Effect of movements in exchange rates	43	-	-	43
Statements of Comprehensive Income	**(112,136)**	**90,017**	**333**	**(21,786)**
Cash flows				
Contribution received	124,387	-	-	124,387
Claims and other expenses paid	-	(88,702)	-	(88,702)
Protection acquisition cash flows	(7,948)	-	-	(7,948)
Total cash flows	**116,139**	**(88,702)**	**-**	**27,737**
Non-cash operating expenses	(5,000)	-	-	(5,000)
Mutual protection contract liabilities at 30 June 2024	**(9,134)**	**43,459**	**12,611**	**46,936**

17. Mutual protection contract liabilities (continued)

Restated 2023	Liabilities for remaining coverage	Liabilities for incurred claims		
	Excluding loss component $'000	Present value of future cash flows $'000	Risk adjustment $'000	Total $'000
Mutual protection contract liabilities at 1 July 2022	**(6,857)**	**57,667**	**17,845**	**68,655**
Protection revenue	**(108,868)**	**-**	**-**	**(108,868)**
Incurred claims and other attributable expenses	5,107	85,447	8,355	98,909
Amortisation of protection acquisition cash flows	6,976	-	-	6,976
Changes to liabilities for incurred claims - prior accident years	-	(7,837)	(14,134)	(21,971)
Protection service expenses	**12,083**	**77,610**	**(5,779)**	**83,914**
Protection service result	**(96,785)**	**77,610**	**(5,779)**	**(24,954)**
Protection finance expenses	-	676	212	888
Effect of movements in exchange rates	(172)	-	-	(172)
Statements of Comprehensive Income	**(96,957)**	**78,286**	**(5,567)**	**(24,238)**
Cash flows				
Contribution received	103,235	-	-	103,235
Claims and other expenses paid	-	(93,809)	-	(93,809)
Protection acquisition cash flows	(7,858)	-	-	(7,858)
Total cash flows	**95,377**	**(93,809)**	**-**	**1,568**
Mutual protection contract liabilities at 30 June 2023	**(8,437)**	**42,144**	**12,278**	**45,985**

18. Issued capital and reserves

(a) Contributed equity

	No. of Shares		Share capital	
	2024 No.	Restated 2023 No.	**2024 $'000**	Restated 2023 $'000
Ordinary shares issued and fully paid:				
Member shares	**221,465,522**	211,420,878	**216,872**	207,012
All region shares	**860,618**	800,041	**861**	800
	222,326,140	212,220,919	**217,733**	207,812

18. Issued capital and reserves (continued)

(a) Contributed equity (continued)

Movement in Member shares on issue

Member Shares	No. of Shares		Share capital	
	2024	Restated 2023	2024	Restated 2023
	No.	No.	$'000	$'000
Opening balance at 1 July	**211,420,878**	200,748,912	**207,012**	196,541
Additional shares issued	**13,356,548**	14,622,405	**13,179**	13,908
Additional shares issued via dividend reinvestment plan	**13,885,491**	9,493,949	**13,702**	9,302
Shares buy-back	**(17,197,395)**	(13,444,388)	**(17,021)**	(12,739)
Balance at 30 June	**221,465,522**	211,420,878	**216,872**	207,012

Member shares

Due to the cooperative focus of Capricorn Society Limited, voting rights are determined by membership, rather than the number of shares owned. Each Member has equal voting rights, regardless of their level of share ownership. Member shares can be transferred or redeemed under directors approval in accordance with the terms of the Constitution of Capricorn Society Limited. Ordinary shares carry the right to dividends.

Movement in all region shares on issue

All Region Shares	No. of Shares		Share capital	
	2024	Restated 2023	2024	Restated 2023
	No.	No.	$'000	$'000
Opening balance at 1 July	**800,041**	703,862	**800**	704
Additional shares issued	**61,404**	73,711	**61**	73
Additional shares issued via dividend reinvestment plan	**55,248**	34,680	**56**	35
Shares buy-back	**(56,075)**	(12,212)	**(56)**	(12)
Balance at 30 June	**860,618**	800,041	**861**	800

All region shares

All region shares are issued in Australian dollars only, one share is equal to one Australian dollar. All region shares do not have voting rights except on matters considered at a separate meeting of all region shareholders. All region shares carry the right to dividends. The redemption and transfer of all region shares are subject to directors' approval.

18. Issued capital and reserves (continued)

(b) Reserves

	2024	Restated 2023
	$'000	$'000
Foreign currency translation reserve		
Opening balance at 1 July	**2,183**	1,098
Currency translation differences arising during the year	**(63)**	1,085
Closing balance at 30 June	**2,120**	2,183

Nature and purpose of foreign currency translation reserve

Exchange differences arising on translation of foreign operations are taken to the foreign currency translation reserve, as described in Note 1(d). The reserve is recognised in profit or loss when the foreign operations are disposed of.

(c) Retained earnings

	2024	Restated 2023
	$'000	$'000
Retained earnings attributable to the Members of Capricorn Society Limited		
Opening balance at 1 July	**120,498**	99,397
Profit for the year	**34,891**	30,973
Dividends	**(14,645)**	(9,872)
Closing balance at 30 June	**140,744**	120,498
Retained earnings attributable to the Members of Capricorn Mutual Limited		
Opening balance at 1 July	**34,919**	27,432
Profit for the year	**9,085**	7,487
Closing balance at 30 June	**44,004**	34,919

Retained earnings attributable to the members of Capricorn Mutual Limited represent non-controlling interests. Following is the summarised financial information of Capricorn Mutual Limited:

	2024	Restated 2023
	$'000	$'000
Total assets	**97,650**	81,965
Total liabilities	**53,646**	47,046
Protection revenue	**126,246**	108,868
Profit after income tax	**9,085**	7,486
Total comprehensive income	**9,085**	7,486

18. Issued capital and reserves (continued)

(d) Dividends declared

	2024 $'000	Restated 2023 $'000
2023 fully franked ordinary dividend of 7 cents per share was declared and paid in September 2023	14,645	-
2022 fully franked ordinary dividend of 7 cents per share was declared and paid in September 2022	-	9,872
	14,645	9,872

A dividend of 7 cents per share was declared after the reporting date, on 18 September 2024. This has not been recognized as a liability as at 30 June 2024.

(e) Balance of franking account

	2024 $'000	Restated 2023 $'000
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the financial year at 30% (2023: 30%).	67,256	64,343
Imputation credits that will arise from the payment of the amount of the provision for income tax.	5,432	5,161
	72,688	69,504

19. Contingent liabilities

A rental guarantee of $387,000 (2023: $387,000) is required by the landlord of the Sydney office. The maximum exposure in the event of default is $387,000 however, the likelihood of default is considered to be minimal.

A rental guarantee of $1,699,000 (2023: $1,699,000) is required by the landlord of the Perth office. The maximum exposure in the event of default is $1,699,000 however, the likelihood of default is considered to be minimal.

Refer to Note 21(b) and 21(c) for details of guarantees provided by Capricorn Society Limited.

20. Fair value measurement

The Group measures financial assets at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The Board determines the policies and procedures for both recurring and non-recurring fair value measurement.

At each reporting date, the Board analyses the movements in the values of assets which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Board verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

20. Fair value measurement (continued)

Set out below is an overview of financial instruments, other than cash and cash equivalents, held by the Group:

2024	Financial assets and financial liabilities at amortised cost	Financial assets at fair value through profit or loss (Note 8)
	$'000	$'000
Financial assets:		
Investment in hybrid securities	-	2,563
Investment in government bonds	-	15,048
Investment in fixed interest securities	-	22,462
Investment in listed securities	-	9,780
Investments in unit trusts	-	141,582
Unlisted securities	-	11
Restricted deposits	74	-
Equipment and vehicle loans	58,972	-
Loan to Repairify Australia Pty Ltd	2,015	-
Total non-current	**61,061**	**191,446**
Trade account advances and equipment and vehicle loans	344,456	-
Term deposits	48,166	-
Total current	**392,622**	**-**
Total	**453,683**	**191,446**
Financial liabilities		
Trade and other payables	258,120	-
Reward Points liability	106,156	-
Total current	**364,366**	**-**
Total	**364,366**	**-**

20. Fair value measurement (continued)

Set out below is an overview of financial instruments, other than cash and cash equivalents, held by the Group:

2023 (Restated)	Financial assets and financial liabilities at amortised cost	Financial assets at fair value through profit or loss (Note 8)
	$'000	$'000
Financial assets:		
Investment in hybrid securities	-	8,216
Investment in government bonds	-	19,076
Investment in fixed interest securities	-	7,560
Investment in listed securities	-	20,741
Investments in unit trusts	-	112,260
Unlisted securities	-	9
Restricted deposits	74	-
Equipment and vehicle loans	28,057	-
Total non-current	**28,131**	**167,862**
Trade account advances and equipment and vehicle loans	337,935	-
Term deposits	38,831	-
Total current	**376,766**	**-**
Total	**404,897**	**167,862**
Financial liabilities		
Trade and other payables	255,694	-
Reward Points liability	95,993	-
Total current	**351,687**	**-**

Management assessed that the fair values of cash and short-term deposits, trade account advances, equipment and vehicle loans and trade and other payables to approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following table provides the fair value measurement hierarchy of the Group's assets that are measured at fair value, as at 30 June 2024.

	Total	Level 1	Level 2	Level 3
Assets measured at fair value:	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets (Note 8)				
Investment in hybrid securities	**2,563**	**2,563**	**-**	**-**
Investment in government bonds	**15,048**	**-**	**15,048**	**-**
Investment in fixed interest securities	**22,462**	**-**	**22,462**	**-**
Investments in listed securities	**9,780**	**9,780**	**-**	**-**
Investments in unit trusts	**141,582**	**-**	**141,582**	**-**
Unlisted securities	**11**	**-**	**-**	**11**
Assets held for sale (Note 9)	**10,250**	**-**	**-**	**10,250**
	201,696	**12,343**	**179,092**	**10,261**

During the year ended 30 June 2024, there were no transfers between Level 1 and Level 2 or level 2 and level 3 fair value measurements.

20. Fair value measurement (continued)

Movements of significant assets in Level 3

	Level 3 $'000
At 30 June 2023	**9**
Transfer of asset held for sale from property, plant and equipment	10,250
Purchase of unlisted securities	2
At 30 June 2024	**10,261**

The following table provides the fair value measurement hierarchy of the Group's assets that are measured at fair value on a recurring basis, at 30 June 2023.

Assets measured at fair value:	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial assets (Note 8)				
Investment in hybrid securities	8,216	8,216	-	-
Investment in government bonds	19,076	-	19,076	-
Investment in fixed interest securities	7,560	-	7,560	-
Investments in listed securities	20,741	20,741	-	-
Investments in unit trusts	112,260	-	112,260	-
Unlisted securities	9	-	-	9
	167,862	28,957	138,896	9

During the year ended 30 June 2023, there were no transfers between Level 1 and Level 2 or level 2 and level 3 fair value measurements.

Valuation techniques

The fair value of the hybrid securities and listed securities is based on price quotations in an active market at the reporting date.

The fair value of government bonds and fixed interest securities is determined by reference to prevailing coupon rates and yield curves.

The fair value of units in trusts is determined by reference to published net asset value prices at the close of business on the reporting date, being the redemption price as established by the underlying trust's responsible entity.

Valuation techniques for unlisted securities are based on the directors' assessment of fair value at reporting date.

The fair value of the asset held for sale was determined by the arm's length option to purchase agreement.

21. Financial instruments

(a) Financial risk management objectives and policies

The Group's financial instruments consist mainly of cash and cash equivalents, financial assets, trade account advances, equipment and vehicle loans, accounts payable, Reward Point liabilities and lease liabilities.

The main purpose for non derivative financial instruments is to increase returns on Member's funds held by the Group.

(b) Financial risk management policies

i. Treasury risk management

The Board of Directors meet on a regular basis to monitor investment policy, strategy and implementation in respect of all investments managed by the Group. Specific duties include evaluating which financial instruments should be used, monitoring and evaluating investment performance, and assessing income liquidity to strategic spend.

ii. Financial risk exposures and management

The main risks the Group is exposed to through financial instruments are interest rate risk, equity price risk, foreign currency risk, and credit risk.

Interest rate risk

The Group is subject to interest rate risk on funds held in bank accounts. Interest rate risk is managed by the Group's treasury department in accordance with the Group's investment policy which prescribes investments only in A-1+ and A-1 financial institutions. The risk is managed by using a mix of fixed rate term deposits and floating rate cash deposits. The mix is at management discretion. The Group currently has no borrowings, so is not exposed to increases in the cost of funding. At 30 June 2024 the Group held $107,302,000 (2023: $122,747,000) in bank accounts subject to variable interest rate risk. The Group has $48,166,000 (2023: $38,831,000) in term deposits at fixed rates.

Equity price risk

The Group employs the services of managers to review its share portfolios. Periodic meetings between fund managers and the Group's management evaluate the Group's portfolio risk against equity price risk. At 30 June 2024 the Group held $191,446,000 (2023: $167,862,000) in financial assets subject to equity price risk.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group manages its foreign currency risk by holding bank accounts in the foreign country of operation to fund working capital requirements.

21. Financial instruments (continued)

(b) Financial risk management policies (continued)

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements. The carrying amount of financial assets in the Statement of Financial Position represents the maximum exposure to risk.

The Group's investing activities are restricted to deposits with APRA regulated institutions, i.e. within highly regulated markets which considerably reduces the exposure to credit risk.

Credit risk is managed on a Group basis and reviewed regularly by the audit & risk committee. It arises from exposures to Members and deposits with financial institutions.

Collateral has been taken in the form of fully paid Capricorn shares to redeem outstanding debts in the event of nonpayment. As shares are not traded and share price is retained at face value, collateral value is high.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated Group. The amount of trade account advances and equipment and vehicle loans at 30 June 2024 subject to credit risk is $410,438,000 (2023: $373,632,000).

Cash deposits are held with AA- rated financial institutions therefore credit risk is minimal.

Other receivables are primarily made up of accrued service fee. This is received via Capricorn subtracting this amount from the supplier payments. As such there is no credit risk exposure.

Capricorn Mutual Limited is exposed to credit risk on its reinsurance receivables and recoverables. Reinsurance recoveries on liabilities for incurred claims are not due until the original gross claim is paid to the Member. The credit rating of the underlying reinsurers is extremely important from a Financial Position strength perspective. Third Party claim recoveries are due from a wide range of counterparties ranging from individuals, in the case of a not at fault motor claim caused by an uninsured person (not credit rated), to a listed insurer (S&P credit rating AA- to A-).

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's finance division in accordance with the Group's Investment Policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors and may be updated throughout the year subject to approval of the Capricorn Investment Committee.

The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. The Group's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2024 and 2023 are the carrying amounts as illustrated elsewhere in this note except for financial guarantees. The Group's maximum exposure for financial guarantees is noted in the liquidity table below.

(c) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's maturity analysis for their financial liabilities. These have been drawn up based on undiscounted contractual maturities of the financial liabilities including interest that will be incurred on those liabilities using "worst case scenario

	On Demand $'000	Less than 1 month $'000	1 - 3 months $'000	3 months - 1 year $'000	1 - 5 years $'000	5+ years $'000
2024						
Trade and other payables	**-**	**258,120**	**-**	**-**	**-**	**-**
Reward points liability	**106,156**	**-**	**-**	**-**	**-**	**-**
Financial guarantee	**-**	**2,086**	**-**	**-**	**-**	**-**
	106,156	**260,206**	**-**	**-**	**-**	**-**
2023 (Restated)						
Trade and other payables	-	255,694	-	-	-	-
Reward points liability	95,993	-	-	-	-	-
Financial guarantee	-	2,086	-	-	-	-
	95,993	257,780	-	-	-	-

The Mutual's maturity profile is a key tool used in the investment of assets backing protection contract liabilities in accordance with the policy of attempting to match the maturity profile of the assets with the estimated pattern of claims payments.

The following table summarises the maturity profile of the Group's liabilities for incurred claims based on the remaining term to settlement at the reporting date.

	Up to 1 year $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	>5 years $'000	Total $'000
Mutal protection contract liabilities							
As at 30 June 2024	**45,585**	**8,050**	**1,692**	**515**	**196**	**32**	**56,070**
As at 30 June 2023	44,178	7,423	2,091	541	164	25	54,422

(d) Sensitivity analysis

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and equity price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

21. Financial instruments (continued)

(d) Sensitivity analysis (continued)

Interest rate risk sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the portion of cash and term deposits affected. The effect on profit as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Increase/decrease in basis points	Total
		$'000
2024		
Cash and term deposits subject to interest rate risk		**155,468**
Change in profit before tax		
Increase in Interest Rates	**+100**	**1,555**
Decrease in Interest Rates	**-100**	**(1,555)**

	Increase/decrease in basis points	Total
2023 (Restated)		
Cash and term deposits subject to interest rate risk		161,578
Change in profit before tax		
Increase in Interest Rates	+100	1,616
Decrease in Interest Rates	-100	(1,616)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the movement in rates available to the Group. Based on management assessment of interest rates over the year, it is considered a movement of 100 basis points (2023: 100 basis points) is reasonably possible.

Foreign currency risk sensitivity analysis

At 30 June 2024, the Group's exposure to foreign currency risk is immaterial.

Price risk sensitivity analysis

The Group's listed and unlisted securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

21. Financial instruments (continued)

(d) Sensitivity analysis (continued)

At 30 June 2024, the effect on profit and equity as a result of changes in the equity price risk, with all other variables remaining constant would be as follows:

	Increase/decrease in S&P/ASX 200 Price Index	Total
		$'000
2024		
Investments subject to equity price risk		**191,446**
Change in profit before tax		
Increase in Market Prices	**10%**	**19,145**
Decrease in Market Prices	**-10%**	**(19,145)**
2023 (Restated)		
Investments subject to equity price risk		167,862
Change in profit before tax		
Increase in Market Prices	10%	16,786
Decrease in Market Prices	-10%	(16,786)

The assumed movement is based on changes in the S&P/ASX 200 Price Index. Based on management assessment of the S&P/ASX 200 Price Index oAver the year, it is considered a movement of 10% (2023: 10%) is reasonably possible.

(e) Capital risk management

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

The Group's overall strategy remains unchanged from 2023.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Mutual holds an AFSL issued by ASIC. A number of conditions of the licence require the Mutual to maintain certain levels of capital. As at 30 June 2024, the Mutual has met the minimum capital requirements to satisfy all applicable conditions.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

21. Financial instruments (continued)

(f) Mutual underwriting risk management

Liability for incurred claims of the Mutual is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following sensitivity analysis shows the impact on the Mutual's profit after tax, and equity for reasonably possible movements in key assumptions underlying the gross and net protection liabilities with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts to the Mutual, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

	Changes in assumptions	Impact on profit after tax gross of reinsurance $'000	Impact on profit after tax net of reinsurance $'000	Impact on equity gross of reinsurance $'000	Impact on equity net of reinsurance $'000
2024					
Incurred development	**+50%**	**(5,761)**	**(5,761)**	**(5,761)**	**(5,761)**
Expected loss ratio	**+10%**	**(119)**	**(119)**	**(119)**	**(119)**
Discount rate	**+1%**	**325**	**262**	**325**	**262**
Incurred development	**-50%**	**5,480**	**5,480**	**5,480**	**5,480**
Expected loss ratio	**-10%**	**119**	**119**	**119**	**119**
Discount rate	**-1%**	**(332)**	**(268)**	**(332)**	**(268)**
2023 (Restated)					
Incurred development	+50%	(4,502)	(4,502)	(4,502)	(4,502)
Expected loss ratio	+10%	(101)	(101)	(101)	(101)
Discount rate	+1%	314	200	314	200
Incurred development	-50%	4,309	4,309	4,309	4,309
Expected loss ratio	-10%	101	101	101	101
Discount rate	-1%	(321)	(234)	(321)	(234)

22. Related party disclosure

The consolidated financial statements include the financial results of the following entities:

	Type of entity	Country of incorporation	Australian resident for tax purposes	% Equity interest 2024 %	% Equity interest Restated 2023 %
Capricorn Society Limited	Body corporate	Australia	Australia	Parent	Parent
Capricorn Insurance Services Pty Limited	Body corporate	Australia	Australia	100	100
Capricorn Travel Australia Pty Limited	Body corporate	Australia	Australia	100	100
Capricorn Society Financial Services Pty Limited	Body corporate	Australia	Australia	100	100
Capricorn Risk Services Pty Limited	Body corporate	Australia	Australia	100	100
Capricorn Mutual Management Pty Limited	Body corporate	Australia	Australia	100	100
Capricorn 1974 Pty Limited	Body corporate	Australia	Australia	100	100
Capricorn Mutual Limited	Body corporate	Australia	Australia	N/A	N/A
Repairify Australia Pty Limited	Body corporate	Australia	Australia	50%	-

Transactions with related parties

All directors of the parent entity, other than independent non-Member directors, are Members of the Group and conduct Member accounts. The terms and conditions of all Member accounts operated by directors are the same as accounts provided to other Members. Reward Points earned by directors for the year were $135,300 (2023: $183,145) and the Reward Point balances owing to Member directors at 30 June 2024 were $120,632 (2023: $148,690).

Directors Mark Cooper, Bruce Rathie, Mario Pirone and Lydia Stjepanovic were directors of Capricorn Mutual Limited during the year. The Mutual paid a total of $417,302 in directors' fees to these directors during the year ended 30 June 2024 (2023: $257,000).

23. Information relating to Capricorn Society Limited (Parent)

	2024 $'000	Restated 2023 $'000
Current assets	**487,442**	464,954
Total assets	**724,284**	679,776
Current liabilities	**360,493**	351,409
Total liabilities	**361,594**	352,372
Issued capital	**217,707**	207,812
Foreign currency translation reserve	**2,257**	2,279
Retained earnings	**142,726**	117,313
Profit of the Parent entity	**40,058**	36,647
Total comprehensive income of the Parent entity	**40,012**	37,772

24. Auditors' remuneration

The auditor of Capricorn Society Limited is EY.

	2024	Restated 2023
I. Category 1 – Fees to the Group auditor for:		
(i) Auditing the statutory financial report of the parent covering the Group;	**214,064**	184,159
(ii) Auditing the statutory financial reports of any controlled entities;	**36,499**	30,659
	250,563	214,818
II. Category 2 – Fees for assurance services that are required by legislation to be provided by the auditor;	**8,613**	7,235
III. Category 3 – Fees for other assurance and agreed-upon-procedures/services under other legislation or contractual arrangements where there is a discretion as to whether the service is provided by the auditor or another firm; and	**63,728**	107,715
IV. Category 4 – Fees for other services	**62,587**	419,814
	385,491	749,582
Fees paid to auditor of Capricorn Mutal Limited	**432,240**	458,639
	817,731	1,208,221

25. Events after the end of the reporting period

Since the end of the reporting period the following significant events have occurred which did not impact on the results for the year ended 30 June 2024.

At the meeting on 18th September 2024 the Capricorn Society Limited board declared a dividend of 7 cents per share. This will be fully franked in Australia, equating to a gross dividend yield of 10% of contributed equity at 30 June 2024, and partially franked in New Zealand.

All subsequent references to gross dividend are calculated on the basis that full franking credits are available.

These dividends deliver to shareholders a payment of $15,326,000 (June 2023: $14,645,000) and franked tax credits totalling $6,568,000 (June 2023: $6,276,000), giving a gross dividend of $21,894,000 (June 2023: $20,921,000). This dividend has not been recognised as a liability as at 30 June 2024.

At the meeting on 18 September 2024, the Capricorn Society Limited board also resolved to pay a rebate of $18,500,000 (2023: $17,002,000) to Members on purchases made during the year ended 30 June 2024.

The rebate will be payable to both Australian and New Zealand Members via additional reward points.

The property at 28 Troode Street West Perth WA ("Troode Street"), previously the head office location of the group, was disclosed in Note 9 as an asset held for sale. The option to purchase the property for $10,250,000 has been exercised and the contracts of sale are being prepared for parties to sign.

26. Company details

Registered office

The registered office of the company is:

Capricorn Society Limited

Level 19

141 St Georges Terrace

Perth WA 6000

27. New accounting standards and interpretations issued but not yet effective

The following list of new Standards and Interpretations have been issued but are not yet effective for the year ended 30 June 2024. The Group has not completed a detailed review of standards and interpretations applicable from 1 July 2023. The impact, if any, of standards or interpretations applicable from 1 July 2024 has not yet been fully determined.

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 2022-9	Amendments to AASs – Insurance Contracts in the Public Sector	The amendment provides the following modifications to AASB 17 for application by public sector entities: ► Added pre-requisites, indicators and other considerations that need to be judged to identify arrangements that fall within the scope of AASB 17 in a public sector context ► An exemption from sub-grouping onerous vs. non-onerous contracts at initial recognition An exemption from sub-grouping contracts issued no more than a year apart ► An amendment to the initial recognition requirements so that they do not depend on when contracts become onerous ► Guidance on coverage period in a public sector context, which has consequences for determining the cash flows used to measure insurance liabilities and the pattern of revenue recognition ► An accounting policy choice to measure liabilities for remaining coverage applying the premium allocation approach ► A transition requirement grandfathering the existing classification of liabilities for the settlement of claims incurred before the liability was acquired in a transfer, as either a liability for incurred claims within the scope of AASB 17 or a provision in the scope of AASB 137 This Standard also amends AASB 1050 *Administered Items* to provide an accounting policy choice for government departments to apply either AASB 17 or AASB 137 in determining the information to be disclosed about administered captive insurer activities. Earlier application of the amendment is permitted.	1 July 2026	1 July 2026

27. New accounting standards and interpretations issued but not yet effective (continued)

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 2022-6	Amendments to AASs – Non-current Liabilities with Covenants	A liability is classified as current if the entity has no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. The AASB issued AASB 2020-1 *Amendments to AASs – Classification of Liabilities as Current or Non-current* to clarify the requirements for classifying liabilities as current or non-current, specifically: ► The amendments specify that the conditions existing at the end of the reporting period are those used to determine if a right to defer settlement of a liability exists. ► Management intention or expectation does not affect the classification of liabilities. ► In cases where an instrument with a conversion option is classified as a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. A consequence of the first amendment is that a liability would be classified as current if its repayment conditions failed their test at the reporting date, despite those conditions only becoming effective in the 12 months after the end of the reporting period. In response to this possible outcome, in December 2022 the AASB issued AASB 2022-6 *Amendments to AASs - Non-current Liabilities with Covenants:* ► Clarifying that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. ► Adding presentation and disclosure requirements for non-current liabilities subject to compliance with future covenants within the next 12 months. ► Clarifying specific situations in which an entity does not have a right to defer settlement for at least 12 months after the reporting date. These amendments are applied retrospectively. Earlier application is permitted.	1 January 2024	1 July 2024
AASB 2023-3	Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2	Consistent with the AASB 2020-1 and AASB 2022-6 amendments to Tier 1 reporting, as described on the previous page, AASB 2023-3 introduces changes to simplified disclosure (SDS) requirements for classifying and disclosing borrowings with convents. The amendments: ► Clarify that a liability is classified as non-current when the entity can defer settlement for at least 12 months from the reporting date ► Clarify how settlement by the issuance of equity instruments may impact classification ► Require additional disclosures to explain the risk of these borrowings becoming repayable within 12 months These amendments are consistent with those made by AASB 2020-1 and AASB 2022-6 for Tier 1 reporting requirements, as described on the previous page. These amendments are applied retrospectively. Earlier application is permitted.	1 January 2024	1 July 2024

27. New accounting standards and interpretations issued but not yet effective (continued)

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 18	Presentation and Disclosure in Financial Statements	AASB 18 has been issued to improve how entities communicate in their financial statements, with a particular focus on information about financial performance in the statement of profit or loss. The key presentation and disclosure requirements established by AASB 18 are: ► The presentation of newly defined subtotals in the statement of profit or loss ► The disclosure of management-defined performance measures (MPM) ► Enhanced requirements for grouping information (i.e. aggregation and disaggregation) AASB 18 is accompanied with limited consequential amendments to the requirements in other accounting standards, including AASB 107 *Statement of Cash Flows*. AASB 18 introduces three new categories for classification of all income and expenses in the statement of profit or loss: operating, investing and financing. Additionally, entities will be required to present subtotals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. For the purposes of classifying income and expenses into one of the three new categories, entities will need to assess their main business activity, which will require judgement. There may be more than one main business activity. AASB 18 also requires several disclosures in relation to MPMs, such as how the measure is calculated, how it provides useful information and a reconciliation to the most comparable subtotal specified by AASB 18 or another standard. AASB 18 will replace AASB 101 Presentation of Financial Statements.	1 January 2027	1 July 2027

Consolidated Entity Disclosure Statement

	Type of entity	Country of incorporation	Australian resident for tax purposes	% Equity interest 2024 %	Restated 2023 %
Capricorn Society Limited	Body corporate	Australia	Australia	Parent	Parent
Capricorn Insurance Services Pty Limited	Body corporate	Australia	Australia	100	100
Capricorn Travel Australia Pty Limited	Body corporate	Australia	Australia	100	100
Capricorn Society Financial Services Pty Limited	Body corporate	Australia	Australia	100	100
Capricorn Risk Services Pty Limited	Body corporate	Australia	Australia	100	100
Capricorn Mutual Management Pty Limited	Body corporate	Australia	Australia	100	100
Capricorn 1974 Pty Limited	Body corporate	Australia	Australia	100	100
Capricorn Mutual Limited	Body corporate	Australia	Australia	N/A	N/A

Directors' Declaration

In accordance with a resolution of the directors of Capricorn Society Limited, we state that:

1) in the directors' opinion, the financial statements and notes of the consolidated entity have been prepared in accordance with the Corporations Act 2001, including that they:

   a) comply with applicable Australian Accounting Standards, (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   b) give a true and correct view of the financial position of the consolidated entity as at 30 June 2024 and of its performance for the year ended on that date; and

   c) the financial statements and notes comply with International Financial Reporting Standards as described in Note 1(b),

   d) the consolidated entity disclosure statement required by section 295(3A) of the Corporations Act is true and correct.

2) the directors have received declarations in accordance with section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer; and

3) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Mark Cooper

Director

Mario Pirone

Director

Dated this 18th day of September 2024

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Independent auditor's report to the members of Capricorn Society Limited

Opinion

We have audited the financial report of Capricorn Society Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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

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

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

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

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001;* and

for such internal control as the directors determine is necessary to enable the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

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

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

Ernst & Young

Ernst & Young

Timothy G Dachs
Partner
Perth
18 September 2024

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