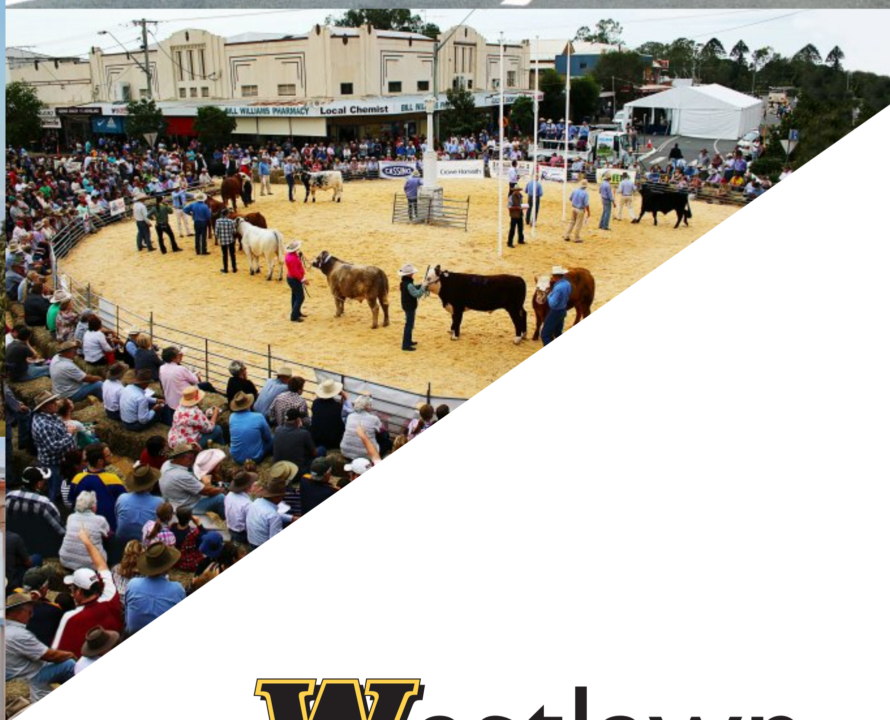
Annual Report
30 June 2017



Westlawn
FINANCE LIMITED

ABN 19 096 725 218

Westlawn Finance Limited
Contents
30 June 2017

General information

The financial statements cover Westlawn Finance Limited as a consolidated entity consisting of Westlawn Finance Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Westlawn Finance Limited's functional and presentation currency.

Westlawn Finance Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Westlawn Building
22 Queen Street
GRAFTON NSW 2460

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 September 2017. The directors have the power to amend and reissue the financial statements.

Westlawn Finance Limited
Directors' report
30 June 2017

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Westlawn Finance Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2017.

Directors
The following persons were directors of Westlawn Finance Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Michael James Dougherty
James William Dougherty
Mark Charles Dougherty
Geoffrey Dean Scofield
Andrew Harry Hayes

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of:
- Financier
- Insurance Broker

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	2017	2016
	$	$
Final dividend for the year ended 30 June 2017 of 5.944 cents (2016 : 5.944 cents) per Ordinary Share franked at the rate of 30%	600,000	600,000
Dividend for the year ended 30 June 2017 of 5.273 cents (30 June 2016: 5.515 cents) per Redeemable Preference Share franked at the rate of 30%	87,000	91,000
	687,000	691,000

Review of operations
The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to $2,744,960 (30 June 2016: $1,585,096).

Finance

The finance business contributed a profit before tax of $3,042,580 (2016: $1,704,357) for the year.

Management continues to closely monitor margins whilst reviewing costs and maintaining higher than normal levels of liquidity.

Insurance

The insurance broking business continues to make a positive contribution to the Group, reporting a net profit before tax of $870,296 (2016: $599,659) for the year.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
In August 2017 the Company sold its interest in the associated entity Ken Casson Motors Pty Ltd. As at balance date the Company's interest in this entity was reclassified as non-current assets classified as held for sale.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors
Name:	Michael James Dougherty
Title:	Chairman
Experience and expertise:	Finance Accountant – 17 years experience, Financier – more than 40 years experience, Hotelier – more than 20 years experience
Special responsibilities:	Executive Chairman

Name:	James William Dougherty
Title:	Director
Qualifications:	Bachelor of Economics, Diploma of Financial Management
Experience and expertise:	Chartered Accountant, Licensed Real Estate Agent

Name:	Mark Charles Dougherty
Title:	Director
Qualifications:	Bachelor of Business
Experience and expertise:	Company Accountant – 9 years experience

Name:	Geoffrey Dean Scofield
Title:	Managing Director
Qualifications:	Diploma in Financial Services
Experience and expertise:	Banking & Finance – more than 25 years experience
Special responsibilities:	Chief Executive Officer

Name:	Andrew Harry Hayes
Title:	Director
Qualifications:	Bachelor of Business, Graduate Diploma in Financial Planning
Experience and expertise:	Chartered Accountant – more than 20 years experience, Registered Company Auditor, Registered Tax Agent
Special responsibilities:	Chief Financial Officer, Company Secretary

Company secretary
The position of company secretary was held by Andrew Harry Hayes at the end of the financial year. Refer to the previous section for full details of qualifications and experience.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2017, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Michael James Dougherty	10	11
James William Dougherty	11	11
Mark Charles Dougherty	11	11
Geoffrey Dean Scofield	11	11
Andrew Harry Hayes	11	11

Held: represents the number of meetings held during the time the director held office.

Indemnity and insurance of officers
During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

Thomas Noble & Russell continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Michael James Dougherty
Chairman

26 September 2017
Grafton

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Westlawn Finance Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to Westlawn Finance Limited and the entities it controlled during the period.

Dated at Lismore this 26th day of September 2017.

THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS

....
K R FRANEY (Partner)
Registered Company Auditor

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Westlawn Finance Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

	Note	Consolidated 2017 $	2016 $
Revenue			
Interest income		12,122,275	12,388,977
Interest expense		(5,766,227)	(6,112,283)
Total net interest income		6,356,048	6,276,694
Non-interest revenue	3	6,136,783	5,904,894
Share of profits of associates accounted for using the equity method	4	80,283	56,360
Net fair value gain on the revaluation of land & buildings		-	261,120
Total revenue after interest expense		12,573,114	12,499,068
Expenses			
Bad debts written off		(228,680)	(558,250)
Impairment of loans and advances		(60,543)	(1,087,513)
Employee benefits expense		(5,026,780)	(5,256,564)
Depreciation and amortisation expense	5	(606,252)	(604,868)
Loss on disposal of assets		(69,012)	(20,988)
Other expenses	5	(2,668,971)	(2,666,869)
Total expenses		(8,660,238)	(10,195,052)
Profit before income tax expense		3,912,876	2,304,016
Income tax expense	6	(1,152,254)	(704,890)
Profit after income tax expense for the year		2,760,622	1,599,126
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings, net of tax		-	72,598
Items that may be reclassified subsequently to profit or loss			
Gain on the revaluation of available-for-sale financial assets, net of tax		183,497	97,145
Other comprehensive income for the year, net of tax		183,497	169,743
Total comprehensive income for the year		2,944,119	1,768,869
Profit for the year is attributable to:			
Non-controlling interest		15,662	14,030
Owners of Westlawn Finance Limited	24	2,744,960	1,585,096
		2,760,622	1,599,126
Total comprehensive income for the year is attributable to:			
Non-controlling interest		18,454	15,508
Owners of Westlawn Finance Limited		2,925,665	1,753,361
		2,944,119	1,768,869

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

Westlawn Finance Limited
Statement of financial position
As at 30 June 2017

	Note	Consolidated 2017 $	2016 $
Assets			
Cash and cash equivalents	7	32,290,731	53,046,735
Trade and other receivables	8	592,179	718,563
Other assets	9	168,705	112,530
Non-current assets classified as held for sale	10	621,900	-
Loans & advances	11	165,237,960	124,819,235
Investments accounted for using the equity method	12	-	629,117
Available-for-sale financial assets	13	5,042,814	4,218,927
Property, plant and equipment	14	6,801,421	6,894,241
Intangibles	15	2,738,322	3,031,381
Deferred tax assets	16	1,049,001	1,859,167
Total assets		214,543,033	195,329,896
Liabilities			
Trade and other payables	17	12,917,703	7,700,245
Interest bearing liabilities	18	180,638,887	169,061,754
Income tax	19	137,144	29,298
Provisions	20	1,166,134	1,151,934
Deferred tax liabilities	21	530,586	475,205
Total liabilities		195,390,454	178,418,436
Net assets		19,152,579	16,911,460
Equity			
Issued capital	22	11,744,643	11,744,643
Reserves	23	1,636,941	1,456,236
Retained profits	24	5,628,711	3,570,751
Equity attributable to the owners of Westlawn Finance Limited		19,010,295	16,771,630
Non-controlling interest	25	142,284	139,830
Total equity		19,152,579	16,911,460

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

Westlawn Finance Limited
Statement of changes in equity
For the year ended 30 June 2017

Consolidated	**Issued capital $**	**Reserves $**	**Retained profits $**	**Non-controlling interest $**	**Total equity $**
Balance at 1 July 2015	11,744,643	1,287,971	2,676,655	144,322	15,853,591
Profit after income tax expense for the year	-	-	1,585,096	14,030	1,599,126
Other comprehensive income for the year, net of tax	-	168,265	-	1,478	169,743
Total comprehensive income for the year	-	168,265	1,585,096	15,508	1,768,869
Transactions with owners in their capacity as owners:					
Dividends paid (note 26)	-	-	(691,000)	(20,000)	(711,000)
Balance at 30 June 2016	11,744,643	1,456,236	3,570,751	139,830	16,911,460

Consolidated	**Issued capital $**	**Reserves $**	**Retained profits $**	**Non-controlling interest $**	**Total equity $**
Balance at 1 July 2016	11,744,643	1,456,236	3,570,751	139,830	16,911,460
Profit after income tax expense for the year	-	-	2,744,960	15,662	2,760,622
Other comprehensive income for the year, net of tax	-	180,705	-	2,792	183,497
Total comprehensive income for the year	-	180,705	2,744,960	18,454	2,944,119
Transactions with owners in their capacity as owners:					
Dividends paid (note 26)	-	-	(687,000)	(16,000)	(703,000)
Balance at 30 June 2017	11,744,643	1,636,941	5,628,711	142,284	19,152,579

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

Westlawn Finance Limited
Statement of cash flows
For the year ended 30 June 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
Cash flows from operating activities			
Interest & rent received from external investments		12,519,611	12,811,373
Other receipts		5,439,645	5,564,603
Payments to suppliers and employees		(7,176,905)	(9,072,085)
		10,782,351	9,303,891
Interest and other finance costs paid		(5,882,218)	(6,189,105)
Income taxes paid		(257,505)	(506,805)
Net cash from operating activities	39	4,642,628	2,607,981
Cash flows from investing activities			
Payments for investments		(561,749)	(1,511,363)
Payments for property, plant and equipment	14	(299,362)	(76,074)
Payments for intangibles	15	(46,216)	-
Proceeds from disposal of investments		-	623,412
Proceeds from disposal of property, plant and equipment		64,171	70,834
Dividends received		423,149	302,181
Payment for acquisition of loan portfolio		(12,895,189)	-
Net loans (advanced) repaid		(22,957,569)	2,516,222
Net cash from/(used in) investing activities		(36,272,765)	1,925,212
Cash flows from financing activities			
Net decrease in unsecured notes		11,577,133	(9,847,002)
Dividends paid	26	(703,000)	(711,000)
Net cash from/(used in) financing activities		10,874,133	(10,558,002)
Net decrease in cash and cash equivalents		(20,756,004)	(6,024,809)
Cash and cash equivalents at the beginning of the financial year		53,046,735	59,071,544
Cash and cash equivalents at the end of the financial year	7	32,290,731	53,046,735

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

Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

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

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets and certain classes of property, plant and equipment.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 35.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Westlawn Finance Limited ('company' or 'parent entity') as at 30 June 2017 and the results of all subsidiaries for the year then ended. Westlawn Finance Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Note 1. Significant accounting policies (continued)

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

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

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Non-current assets or disposal groups classified as held for sale
Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

Note 1. Significant accounting policies (continued)

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Associates
Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

Note 1. Significant accounting policies (continued)

Loans and advances (finance receivables)
Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

Loans and advances include loans to customers. These include finance leases, hire-purchase loans, insurance premium funding, business loans, consumer loans, consumer & business mortgages, and floor plan receivables. They are carried at the recoverable amount represented by the gross value of the outstanding balance less the provision for impairment.

Property, plant and equipment
Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis (or diminishing value basis in the case of certain plant & equipment) to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	2-13 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer lists
Customer lists acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their estimated finite life of between 8 and 10 years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Note 1. Significant accounting policies (continued)

Borrowing costs
Costs in relation to borrowings are capitalised as an asset and amortised on a straight-line basis over the period of the finance arrangement.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at 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 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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note 1. Significant accounting policies (continued)

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Note 1. Significant accounting policies (continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2017. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Fair value measurement hierarchy
The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Impairment of property, plant and equipment
The consolidated entity assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Business combinations
As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Non-interest revenue

	Consolidated	
	2017	**2016**
	$	**$**
Administration fees	823,407	735,296
Commission	3,734,458	3,578,201
Other fees	762,818	829,259
Dividends	23,901	20,817
Rent	273,223	269,206
Trust distributions	311,749	243,864
Bad debts recovered	13,765	14,206
Net gain on disposal of plant & equipment	7,980	5,364
Other revenue	185,482	208,681
Non-interest revenue	6,136,783	5,904,894

Note 4. Share of profits of associates accounted for using the equity method

	Consolidated	
	2017	**2016**
	$	**$**
Share of profit - associates	80,283	56,360

Note 5. Expenses

	Consolidated	
	2017	**2016**
	$	**$**
Profit before income tax includes the following specific expenses:		
Depreciation		
Buildings	108,166	94,401
Freehold improvements	-	3,475
Leasehold improvements	5,376	2,088
Plant and equipment	153,435	162,230
Total depreciation	266,977	262,194
Amortisation		
Customer lists	173,149	174,889
Software	165,863	167,521
Borrowing costs	263	264
Total amortisation	339,275	342,674
Total depreciation and amortisation	606,252	604,868
Other expenses		
Auditors' remuneration (note 30)	94,150	46,660
Fees and commission paid	625,049	613,463
IT and telephony	506,633	403,539
Payroll tax	235,060	300,774
Rent paid	184,747	238,896
Other operating expenses	1,023,332	1,063,537
Total other expenses	2,668,971	2,666,869

Note 6. Income tax expense

	Consolidated 2017 $	2016 $
Income tax expense		
Current tax	365,348	200,796
Deferred tax - origination and reversal of temporary differences	831,029	483,106
Adjustment recognised for prior periods	(44,123)	20,988
Aggregate income tax expense	1,152,254	704,890
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets (note 16)	854,289	422,238
Increase/(decrease) in deferred tax liabilities (note 21)	(23,260)	60,868
Deferred tax - origination and reversal of temporary differences	831,029	483,106
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	3,912,876	2,304,016
Tax at the statutory tax rate of 30%	1,173,863	691,205
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	51,944	52,467
Depreciation of property, plant and equipment	29,028	29,022
Entertainment expenses	-	522
Gross-up of dividend income	13,029	7,497
Other assessable items	26,252	11,250
Tax offset for franked dividends	(43,432)	(24,991)
Share of profits - associates	(24,085)	(16,908)
Capital allowances on buildings	(18,992)	(19,077)
Revaluation of land and buildings	-	(36,834)
	1,207,607	694,153
Adjustment recognised for prior periods	(44,123)	20,988
Prior year tax losses not recognised now recouped	(11,230)	(10,251)
Income tax expense	1,152,254	704,890

	Consolidated 2017 $	2016 $
Amounts charged/(credited) directly to equity		
Deferred tax liabilities (note 21)	78,641	(974)

Note 7. Cash and cash equivalents

	Consolidated	
	2017	2016
	$	$
Cash on hand	16,400	28,150
Cash at bank	15,363,766	18,237,843
Cash on deposit	16,910,565	34,780,742
	32,290,731	53,046,735
Amount expected to be recovered within 12 months	32,290,731	53,046,735

Cash at bank, deposits and cash-equivalent assets are all held with Australian domiciled and licensed banks.

Included within the cash at bank balance is the amount of $3.313 million (2016: $2.704 million) represented by the insurance broking trust account of the subsidiary Westlawn Insurance Brokers Pty Ltd. This balance principally relates to unpaid insurance premiums due to insurers and refunds due to customers. Refer also to note 17 - Trade and other payables.

Note 8. Trade and other receivables

	Consolidated	
	2017	2016
	$	$
Trade receivables	541,828	577,461
Other receivables	50,351	141,102
	592,179	718,563
Amount expected to be recovered within 12 months	592,179	718,563

Note 9. Other assets

	Consolidated	
	2017	2016
	$	$
Prepayments	168,705	112,530
Amount expected to be recovered within 12 months	168,705	112,530

Note 10. Non-current assets classified as held for sale

	Consolidated	
	2017	2016
	$	$
Investment in associates	621,900	-
Amount expected to be recovered within 12 months	621,900	-

The non-current assets classified for sale represent assets that are surplus to requirements and are actively marketed within a sale program which is expected to complete a sale within the next twelve months.

This asset relates to shares in the associated entity Ken Casson Motors Pty Ltd which has been sold in August 2017.

Note 11. Loans & advances

	Consolidated 2017 $	Consolidated 2016 $
Loans and advances	167,768,633	127,289,365
Less: Provision for impairment of receivables	(2,530,673)	(2,470,130)
	165,237,960	124,819,235
Amount expected to be recovered within 12 months	72,307,317	69,987,504
Amount expected to be recovered after more than 12 months	92,930,643	54,831,731
	165,237,960	124,819,235

Note 12. Investments accounted for using the equity method

	Consolidated 2017 $	Consolidated 2016 $
Investment in associate - Ken Casson Motors Pty Ltd	-	629,117
Amount expected to be recovered after more than 12 months	-	629,117

Refer to note 37 for further information on interests in associates.

Note 13. Available-for-sale financial assets

	Consolidated 2017 $	Consolidated 2016 $
Shares in listed companies	1,025,422	763,284
Units in unlisted unit trusts	4,017,392	3,455,643
	5,042,814	4,218,927
Amount expected to be recovered after more than 12 months	5,042,814	4,218,927

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2017	2016
Opening fair value	4,218,927	3,192,197
Additions	561,749	1,511,363
Disposals	-	(623,412)
Revaluation increments	262,138	138,779
Closing fair value	5,042,814	4,218,927

Refer to note 28 for further information on fair value measurement.

Note 14. Property, plant and equipment

	Consolidated 2017 $	Consolidated 2016 $
Land - at independent valuation	1,700,000	1,700,000
Buildings - at independent valuation	4,485,000	4,485,000
Less: Accumulated depreciation	(108,166)	-
	4,376,834	4,485,000
Leasehold improvements - at cost	70,726	58,225
Less: Accumulated depreciation	(17,720)	(30,893)
	53,006	27,332
Plant and equipment - at cost	1,443,959	1,421,134
Less: Accumulated depreciation	(772,378)	(739,225)
	671,581	681,909
	6,801,421	6,894,241
Amount expected to be recovered after more than 12 months	6,801,421	6,894,241

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Freehold land $	Freehold buildings $	Freehold improvements $	Leasehold improvements $	Plant and Equipment $	Total $
Balance at 1 July 2015	1,715,000	4,143,130	133,634	29,637	854,306	6,875,707
Additions	-	-	-	-	76,074	76,074
Disposals	-	-	-	(217)	(86,241)	(86,458)
Revaluation increments	-	306,112	-	-	-	306,112
Revaluation decrements	(15,000)	-	-	-	-	(15,000)
Transfers in/(out)	-	130,159	(130,159)	-	-	-
Depreciation expense	-	(94,401)	(3,475)	(2,088)	(162,230)	(262,194)
Balance at 30 June 2016	1,700,000	4,485,000	-	27,332	681,909	6,894,241
Additions	-	-	-	57,057	242,305	299,362
Disposals	-	-	-	-	(99,198)	(99,198)
Write off of assets	-	-	-	(26,007)	-	(26,007)
Depreciation expense	-	(108,166)	-	(5,376)	(153,435)	(266,977)
Balance at 30 June 2017	1,700,000	4,376,834	-	53,006	671,581	6,801,421

Valuations of land and buildings
The basis of the valuation of land and buildings is fair value, being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition.

The land and buildings were last revalued in June 2016 based on independent assessments by a member of the Australian Property Institute. The directors do not believe that there has been a material movement in fair value since the revaluation date.

Refer to note 28 for further information on fair value measurement.

Note 15. Intangibles

	Consolidated 2017 $	Consolidated 2016 $
Goodwill - at cost	3,871,390	3,849,790
Less: Impairment	(1,974,360)	(1,974,360)
	1,897,030	1,875,430
Customer lists - at cost	1,223,113	1,223,113
Less: Accumulated amortisation	(937,502)	(764,353)
	285,611	458,760
Software - at cost	1,393,341	1,368,724
Less: Accumulated amortisation	(838,150)	(672,287)
	555,191	696,437
Borrowing costs	1,316	1,316
Less: Accumulated amortisation	(826)	(562)
	490	754
	2,738,322	3,031,381
Amount expected to be recovered after more than 12 months	2,738,322	3,031,381

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $	Customer lists $	Software $	Borrowing costs $	Total $
Balance at 1 July 2015	1,875,430	633,649	863,959	1,017	3,374,055
Amortisation expense	-	(174,889)	(167,521)	(264)	(342,674)
Balance at 30 June 2016	1,875,430	458,760	696,438	753	3,031,381
Additions	21,600	-	24,616	-	46,216
Amortisation expense	-	(173,149)	(165,863)	(263)	(339,275)
Balance at 30 June 2017	1,897,030	285,611	555,191	490	2,738,322

Note 16. Deferred tax assets

	Consolidated 2017 $	Consolidated 2016 $
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	491,865	76,909
Property, plant and equipment	(1,198,383)	59,779
Employee benefits	349,840	345,581
Accrued expenses	25,986	23,427
Provision for impairment of loans	759,202	741,039
Impairment of land and buildings	62,763	54,704
Capital losses	16,025	16,025
Impairment of non-current assets	541,703	541,703
Deferred tax asset	1,049,001	1,859,167
Movements:		
Opening balance	1,859,167	2,260,221
Charged to profit or loss (note 6)	(854,289)	(422,238)
Adjustment recognised for prior periods	44,123	21,184
Closing balance	1,049,001	1,859,167

Note 17. Trade and other payables

	Consolidated 2017 $	Consolidated 2016 $
Trade payables	1,382,086	1,560,050
Insurance broking trust account	3,312,721	2,703,707
Interest payable	163,619	279,611
Other payables	8,059,277	3,156,877
	12,917,703	7,700,245
Amount expected to be settled within 12 months	12,917,703	7,700,245

Refer to note 27 for further information on financial instruments.

Note 18. Interest bearing liabilities

	Consolidated 2017 $	Consolidated 2016 $
Unsecured Notes - at call	13,852,380	9,194,382
Unsecured Notes - term	166,786,507	159,867,372
	180,638,887	169,061,754
Amount expected to be settled within 12 months	159,069,873	146,658,494
Amount expected to be settled after more than 12 months	21,569,014	22,403,260
	180,638,887	169,061,754

Note 18. Interest bearing liabilities (continued)

Refer to note 27 for further information on financial instruments.

The Trust Deed dated 1 June 2001 between the Company and the Trustee, governs the terms and conditions on which the Unsecured Notes are created and issued. The Unsecured Notes rank for payment in the event of the winding up of the Company equally with all other unsecured creditors of the Company. Any debenture notes issued by the Company will have priority given by the registration of a charge. The Unsecured Notes are issued subject to the conditions in Schedule 1 of the Trust Deed.

Due to a change in APRA regulations, from 31 December 2015 the Company is only permitted to issue Unsecured Notes to retail investors for a minimum maturity of 31 days. The "Unsecured Notes - at call" referred to above have been issued to wholesale investors only and accordingly are not governed by the Trust Deed.

Note 19. Income tax

	Consolidated	
	2017	2016
	$	$
Current tax liability	137,144	29,298
Amount expected to be settled within 12 months	137,144	29,298

Note 20. Provisions

	Consolidated	
	2017	2016
	$	$
Annual leave	460,352	463,249
Long service leave	705,782	688,685
	1,166,134	1,151,934
Amount expected to be settled within 12 months	1,013,890	958,274
Amount expected to be settled after more than 12 months	152,244	193,660
	1,166,134	1,151,934

Note 21. Deferred tax liabilities

	Consolidated 2017 $	Consolidated 2016 $
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Plant and equipment	1,100	1,479
In-house software	85,700	108,582
	86,800	110,061
Amounts recognised in equity:		
Revaluation of property, plant and equipment	192,626	192,626
Revaluation of available-for-sale financial assets	251,160	172,518
	443,786	365,144
Deferred tax liability	530,586	475,205
Movements:		
Opening balance	475,205	373,137
Charged/(credited) to profit or loss (note 6)	(23,260)	60,868
Charged/(credited) to equity (note 6)	78,641	(974)
Adjustment recognised for prior periods	-	42,174
Closing balance	530,586	475,205

Note 22. Issued capital

	Consolidated 2017 Shares	Consolidated 2016 Shares	Consolidated 2017 $	Consolidated 2016 $
Ordinary shares - fully paid	10,094,643	10,094,643	10,094,643	10,094,643
Preference shares - fully paid	1,650,000	1,650,000	1,650,000	1,650,000
	11,744,643	11,744,643	11,744,643	11,744,643

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held.

Ordinary shares carry the right to cast one vote per share held at the shareholders meeting. All shares are owned by Westlawn Holdings Pty Ltd.

Redeemable preference shares
Redeemable preference shares have the right to receive a cumulative dividend calculated as the Company's average monthly cost of funds plus a margin of 2% per annum payable annually out of the profits of the Company. Preference shares rank ahead of ordinary shares for the payment of any dividend and for a return of capital (not exceeding, as regards return of capital, the amount of the issue price) on a winding up of the Company. Preference shares can only be redeemed at the absolute discretion of the Company, with the prior written consent of the Trustee and subject to maintenance of capital ratio and other conditions. A holder of a preference shares has no entitlement to vote at any meeting of the holders of ordinary shares.

The Company has no authorised share capital and shares have no par value.

Note 22. Issued capital (continued)

Capital risk management
The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 2016 Annual Report.

Equity Ratio

Under ASIC's Regulatory Guide 69: Debentures-improving disclosure for retail investors (RG69), issuers of unsecured notes should maintain a minimum equity ratio, calculated as equity/(total liabilities + equity), of 8% where only a minor part of its activity (e.g. as a proportion of notes on issue) is property development or lending funds directly or indirectly for property development.

The Company's objective is to maintain an equity ratio of at least 8% and measures this on a monthly basis in order to monitor performance with the benchmark.

Note 23. Reserves

	Consolidated	
	2017	**2016**
	$	**$**
Revaluation surplus reserve	1,060,098	1,060,098
Available-for-sale reserve	576,843	396,138
	1,636,941	1,456,236

Revaluation surplus reserve
The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

Available-for-sale reserve
The reserve is used to recognise increments and decrements in the fair value of available-for-sale financial assets.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Revaluation surplus reserve $	Available-for-sale reserve $	Total $
Balance at 1 July 2015	987,500	300,471	1,287,971
Revaluation - gross	29,991	138,779	168,770
Deferred tax	42,607	(41,634)	973
Non-controlling interest share of revaluation	-	(1,478)	(1,478)
Balance at 30 June 2016	1,060,098	396,138	1,456,236
Revaluation - gross	-	262,138	262,138
Deferred tax	-	(78,641)	(78,641)
Non-controlling interest share of revaluation	-	(2,792)	(2,792)
Balance at 30 June 2017	1,060,098	576,843	1,636,941

Note 24. Retained profits

	Consolidated 2017 $	Consolidated 2016 $
Retained profits at the beginning of the financial year	3,570,751	2,676,655
Profit after income tax expense for the year	2,744,960	1,585,096
Dividends paid (note 26)	(687,000)	(691,000)
Retained profits at the end of the financial year	5,628,711	3,570,751

Note 25. Non-controlling interest

	Consolidated 2017 $	Consolidated 2016 $
Issued capital	137,934	137,934
Reserves	9,196	6,404
Accumulated losses	(4,846)	(4,508)
	142,284	139,830

Note 26. Dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated 2017 $	Consolidated 2016 $
Final dividend for the year ended 30 June 2017 of 5.944 cents (2016 : 5.944 cents) per Ordinary Share franked at the rate of 30%	600,000	600,000
Dividend for the year ended 30 June 2017 of 5.273 cents (30 June 2016: 5.515 cents) per Redeemable Preference Share franked at the rate of 30%	87,000	91,000
	687,000	691,000

Franking credits

	Consolidated 2017 $	Consolidated 2016 $
Franking credits available for subsequent financial years based on a tax rate of 30%	4,212,781	4,057,067

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 27. Financial instruments

Financial risk management objectives
The Group's financial instruments consist mainly of cash & deposits with banks, loans and advances, accounts payable and unsecured notes.

The Company has exposure to the following risks from its use of financial instruments:
i) Credit risk
ii) Liquidity risk
iii) Interest rate risk

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and limits. Finance identifies, evaluates and minimises financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
This is the risk due to any mismatch between the interest rate on borrowings to that of lending.

The Company manages interest rate risk by using a combination of fixed and variable interest rate lending together with unsecured notes issued at call (variable rate) and on a fixed term basis. As at 30 June 2017 approximately 85% (2016: 72%) of Group lending is on a fixed basis.

The Company maintains an interest rate lending margin over and above its cost of funds which provides a buffer for upward movements in interest rates.

As at the reporting date, the consolidated entity had the following variable rate assets and liabilities outstanding:

	2017		2016	
Consolidated	**Weighted average interest rate %**	**Balance $**	**Weighted average interest rate %**	**Balance $**
Cash & cash equivalents	1.02%	15,380,166	1.66%	18,265,993
Loans & advances	7.83%	24,962,151	8.24%	35,842,413
Interest bearing liabilities	(2.49%)	(13,852,380)	(2.95%)	(9,194,381)
Net exposure to cash flow interest rate risk		26,489,937		44,914,025

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

Interest rate sensitivity analysis

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

The effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Basis points increase			Basis points decrease		
Consolidated - 2017	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Change in interest rate	100	(53,792)	(37,654)	(100)	53,792	37,654

Note 27. Financial instruments (continued)

Consolidated - 2016	Basis points increase: Basis points change	Basis points increase: Effect on profit before tax	Basis points increase: Effect on equity	Basis points decrease: Basis points change	Basis points decrease: Effect on profit before tax	Basis points decrease: Effect on equity
Change in interest rate	100	262,340	183,638	(100)	(262,340)	(183,638)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

No sensitivity analysis has been performed on foreign exchange risk, as the entity is not exposed to foreign currency fluctuations.

Credit risk

Credit risk arises from lending activities, the provision of guarantees including commitments to lend and other associated activities. Credit risk is the potential loss arising from the possibility that borrowers or counter-parties fail to meet contractual obligations to the Company as they fall due.

The maximum exposure to credit risk 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.

Loan funds are lent to a wide variety of business and consumer customers through a network of offices in northern New South Wales.

The Company takes security for loans in accordance with its Lending Policy & Procedures Manual. The Company lends to a large number of customers in varying industries. By doing so, the Company has reduced its exposure to the credit risk associated with particular customers and industries.

An analysis of the loan portfolio by security type and geographic location of the borrower is set out below:

	Consolidated 2017 $	Consolidated 2016 $
Loan portfolio by security type		
Plant, equipment & chattels	120,662,259	74,957,078
Registered first mortgages - non development loans	21,298,920	22,102,667
Registered first mortgages - development loans	6,462,035	10,745,632
Insurance policies (premium funding)	7,724,258	6,439,477
Security interests over shares & assets	7,854,905	8,093,939
Registered second mortgages	1,194,369	1,848,561
Other	87,037	118,220
Unsecured	2,484,850	2,983,791
Total loan receivables	167,768,633	127,289,365

Note 27. Financial instruments (continued)

	Consolidated 2017 $	Consolidated 2016 $
Loan portfolio by geographic region		
NSW - Northern Region (area North of Grafton)	43,250,382	48,774,121
NSW - Grafton area	19,546,103	20,317,514
NSW - Other Regions	43,094,532	35,806,475
Queensland	39,082,863	14,406,388
Victoria	14,365,823	4,347,258
Western Australia	3,967,023	2,356,784
South Australia	3,956,682	983,146
Tasmania	164,263	210,818
Northern Territory	340,962	86,861
Total loan receivables	167,768,633	127,289,365

The Board has implemented a structured framework of systems and controls to monitor and manage credit risk comprising:

- Documented credit risk management principles that are adhered to by all staff involved in the lending process.
- A process for approving risk based on tiered delegated lending approvals, with the largest exposures assessed and approved by the Board.
- A financial capacity approval assessment for the Company's retail lending of personal loans.

The following table provides additional information on impaired loans (includes non accrual loans)

	Consolidated 2017 $	Consolidated 2016 $
Impaired loans (including non accrual loans)		
Loans - without provisions	999,212	1,723,920
Loans - with provisions	2,630,833	3,693,819
Less: specific provision for impairment	(2,530,673)	(2,470,130)
Net impaired loans	1,099,372	2,947,609

Non accrual loans are categorised as loans that are non interest bearing, as the likely recovery of full principal and interest is deemed doubtful.

Impairment of receivables
The ageing of the impaired receivables provided for above are as follows:

	Consolidated 2017 $	Consolidated 2016 $
More than 30 days in arrears	143,777	46,756
More than 60 days in arrears	102,220	16,077
More than 90 days in arrears	3,384,048	5,354,906
Less: specific provision for impairment	(2,530,673)	(2,470,130)
	1,099,372	2,947,609

Note 27. Financial instruments (continued)

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2017	**2016**
	$	**$**
Opening balance	2,470,130	1,382,617
Additional provisions recognised	60,543	1,087,513
Closing balance	2,530,673	2,470,130

Loans that have not been operated within their key terms for 42 days or more are specifically provided for considering the loan balance and security held to arrive at a specific provision for each loan. The security value is scaled based on historical industry experience to reflect a net realisable value on a forced sale or liquidation basis.

If there is objective evidence that an impairment loss on loans, advances and other receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the expected future cash flows.

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $2,463,515 as at 30 June 2017 ($1,250,003 as at 30 June 2016).

An asset is considered to be past due when a contracted amount, including principal or interest, has not been met when due, or it's otherwise outside contracted arrangements. The amount included as past due is the entire contractual balance, rather than the overdue portion.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	2017	**2016**
	$	**$**
More than 30 days in arrears	1,815,045	243,162
More than 60 days in arrears	543,700	415,524
More than 90 days in arrears	104,770	591,317
	2,463,515	1,250,003

Liquidity risk
Liquidity risk is the risk that Westlawn is unable to meet its financial obligations as they fall due, due to the maturity mismatch in its cash flows. Principally the need to meet the right of noteholders to redeem their funds as required.

Note 27. Financial instruments (continued)

Westlawn maintains a liquidity risk management policy that establishes sound practices to manage this mismatch under a range of market conditions. Liquidity management is the responsibility of Westlawn's board and executive.

The Company prepares three monthly and twelve monthly cash flow projections as part of its overall liquidity strategy. The Company has at all times on hand cash or cash equivalents sufficient to meet its projected cash needs over the next three months.

Incoming cash flows come largely from borrower repayments and these are estimated from the maturity profile of the Company's loan portfolio.

Outgoing cash flows for maturing Notes are determined by the terms of the Notes and take into account historical experience on the redemption of Notes.

Westlawn models liquidity scenarios over a rolling 12 month timeframe including the stress testing of rollover rates of noteholders. The objective of this modelling is to determine Westlawn's capacity for asset growth whilst meeting all repayment obligations over the next 12 months. The stress testing includes scenarios significantly more severe than any conditions that have prevailed since the establishment of the business more than 40 years ago.

The liquidity policy requires Westlawn to, where practicable, maintain a minimum holding of 9% of its total liabilities in liquid assets.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2017	Weighted average interest rate %	At call $	0 to 3 months $	3 to 12 months $	1 to 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade & other payables	-	-	12,901,979	-	-	12,901,979
Financial guarantees	-	-	217,381	-	-	217,381
Undrawn credit commitments	-	10,981,761	181,051	-	-	11,162,812
Interest-bearing - variable						
Unsecured notes	2.49%	13,852,380	-	-	-	13,852,380
Interest-bearing - fixed rate						
Unsecured notes	3.21%	-	55,741,048	90,754,588	22,248,438	168,744,074
Total non-derivatives		24,834,141	69,041,459	90,754,588	22,248,438	206,878,626

Note 27. Financial instruments (continued)

Consolidated - 2016	Weighted average interest rate %	At call $	0 to 3 months $	3 to 12 months $	1 to 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade & other payables	-	-	7,640,711	-	-	7,640,711
Financial guarantees	-	-	217,381	-	-	217,381
Undrawn credit commitments	-	10,643,818	548,561	-	-	11,192,379
Interest-bearing - variable						
Unsecured notes	2.95%	9,194,381	-	-	-	9,194,381
Interest-bearing - fixed rate						
Unsecured notes	3.43%	-	58,442,915	80,279,203	23,164,971	161,887,089
Total non-derivatives		19,838,199	66,849,568	80,279,203	23,164,971	190,131,941

Details about the financial guarantees are provided in note 33. The amounts disclosed in the above tables are the maximum amounts allocated to the earliest period in which the guarantee could be called upon. The consolidated entity does not expect these payments to eventuate.

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Maturity analysis

The following tables detail the consolidated entity's mismatch in the maturity of its assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of both assets and liabilities based on the earliest expected contractual payment date. The tables include only the principal cash flows disclosed and therefore does not include any interest components that may be received or paid.

Consolidated - 2017	At call $	0 to 3 months $	3 to 12 months $	1 to 5 years $	Over 5 years $	No specified maturity $	Total $
Cash and cash equivalents	15,380,166	16,910,565	-	-	-	-	32,290,731
Trade and other receivables	-	665,619	-	-	-	-	665,619
Other assets	-	79,541	-	-	-	-	79,541
Loans & advances	-	29,302,011	43,005,306	94,995,727	465,589	(2,530,673)	165,237,960
Investments in associates	-	-	-	-	-	621,900	621,900
Available-for-sale financial assets	-	-	-	-	-	5,042,814	5,042,814
Property, plant and equipment	-	-	-	-	-	6,801,421	6,801,421
Intangibles	-	-	-	-	-	2,738,322	2,738,322
Deferred tax assets	-	-	-	-	-	1,049,001	1,049,001
Trade and other payables	-	(12,901,979)	-	-	-	-	(12,901,979)
Interest bearing liabilities	(13,852,380)	(55,522,428)	(89,695,065)	(21,569,014)	-	-	(180,638,887)
Income tax	-	(137,144)	-	-	-	-	(137,144)
Provisions	-	(460,352)	(553,538)	(152,244)	-	-	(1,166,134)
Deferred tax liabilities	-	-	-	-	-	(530,586)	(530,586)
Net mismatch	1,527,786	(22,064,167)	(47,243,297)	73,274,469	465,589	13,192,199	19,152,579

Note 27. Financial instruments (continued)

Consolidated - 2016	At call $	0 to 3 months $	3 to 12 months $	1 to 5 years $	Over 5 years $	No specified maturity $	Total $
Cash and cash equivalents	18,265,993	34,780,742	-	-	-	-	53,046,735
Trade and other receivables	-	712,778	-	-	-	-	712,778
Other assets	-	58,781	-	-	-	-	58,781
Loans & advances	-	35,430,795	34,556,709	57,151,506	150,355	(2,470,130)	124,819,235
Investments in associates	-	-	-	-	-	629,117	629,117
Available-for-sale financial assets	-	-	-	-	-	4,218,927	4,218,927
Property, plant and equipment	-	-	-	-	-	6,894,241	6,894,241
Intangibles	-	-	-	-	-	3,031,381	3,031,381
Deferred tax assets	-	-	-	-	-	1,859,167	1,859,167
Trade and other payables	-	(7,640,711)	-	-	-	-	(7,640,711)
Interest bearing liabilities	(9,194,381)	(58,195,584)	(79,268,529)	(22,403,260)	-	-	(169,061,754)
Income tax	-	(29,298)	-	-	-	-	(29,298)
Provisions	-	(463,249)	(495,025)	(193,660)	-	-	(1,151,934)
Deferred tax liabilities	-	-	-	-	-	(475,205)	(475,205)
Net mismatch	9,071,612	4,654,254	(45,206,845)	34,554,586	150,355	13,687,498	16,911,460

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 28. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2017	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Shares in listed companies	1,025,422	-	-	1,025,422
Shares in unlisted companies	-	-	621,900	621,900
Units in unlisted unit trusts	-	-	4,017,392	4,017,392
Land and buildings	-	6,076,834	-	6,076,834
Total assets	1,025,422	6,076,834	4,639,292	11,741,548

Consolidated - 2016	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Shares in listed companies	763,284	-	-	763,284
Units in unlisted unit trusts	-	-	3,455,643	3,455,643
Land and buildings	-	6,125,000	-	6,125,000
Total assets	763,284	6,125,000	3,455,643	10,343,927

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial year.

Note 28. Fair value measurement (continued)

Valuation techniques for fair value measurements categorised within level 2 and level 3
The basis of the valuation of land and buildings is fair value. The land and buildings were last revalued in June 2016 based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of land and buildings being valued. The directors do not believe that there has been a material movement in fair value since the revaluation date. Valuations are based on current prices for similar properties in the same location and condition. Valuations are undertaken periodically, at least every three years, or more frequently if there is a material change in the fair value relative to the carrying amount.

Units in unlisted unit trusts have been valued based on the underlying assets within the trust, which in turn maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Available-for-sale $	Total $
Balance at 1 July 2015	2,567,692	2,567,692
Additions	1,511,363	1,511,363
Disposals	(623,412)	(623,412)
Balance at 30 June 2016	3,455,643	3,455,643
Transfers into level 3	621,900	621,900
Additions	561,749	561,749
Balance at 30 June 2017	4,639,292	4,639,292

Changing one or more inputs would not significantly change the fair value of level 3 financial instruments.

Note 29. Key management personnel disclosures

Directors
The following persons were directors of Westlawn Finance Limited during the financial year:

Michael James Dougherty	Chairman – Executive
James William Dougherty	Director – Executive
Mark Charles Dougherty	Director – Executive
Geoffrey Dean Scofield	Chief Executive Officer & Managing Director
Andrew Harry Hayes	Director, Company Secretary & Chief Financial Officer

Other key management personnel
The following person also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Christopher James Dougherty	General Manager – Westlawn Insurance Brokers Pty Ltd

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2017 $	**2016 $**
Short-term employee benefits	1,049,551	960,761
Post-employment benefits	124,155	130,571
	1,173,706	1,091,332

Note 30. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Thomas Noble & Russell, the auditor of the company:

	Consolidated	
	2017	**2016**
	$	**$**
Audit services - Thomas Noble & Russell		
Audit or review of the financial statements	94,150	96,200

Note 31. Commitments receivable

	Consolidated	
	2017	**2016**
	$	**$**
Finance lease commitments		
Committed at the reporting date and recognised as assets, receivable:		
Within 3 months	8,838,131	3,761,025
3 to 12 months	21,655,682	9,500,215
1 to 5 years	59,058,587	22,343,457
Later than 5 years	321,123	92,016
Less: Future finance charges	(10,017,875)	(3,951,490)
Net finance lease receivables	79,855,648	31,745,223

	Consolidated	
	2017	**2016**
Operating lease commitments		
Minimum lease commitments receivable but not recognised in the financial statements:		
Receivable within 12 months	44,320	35,025
Receivable later than 1 year, not later than 5 years	254,840	-
Total receivable	299,160	35,025

Operating lease commitments – Group as lessor:

The Group has entered into a commercial property lease in respect of the Group's surplus office space. This non-cancellable lease has a remaining term of approximately 58 months with an option to renew for a further period of five years. The lease has a clause to enable an upward adjustment of the rental charge on an annual basis in accordance with the consumer price index.

Note 32. Commitments payable

	Consolidated	
	2017	**2016**
	$	**$**
Credit related commitments:		
Committed at the reporting date but not recognised as liabilities, payable:		
Gross loans approved, but not advanced to borrowers	181,051	548,561
Line of credit facilities granted but not drawn	10,981,761	10,643,818
	11,162,812	11,192,379

Note 33. Contingent liabilities

The Company has provided guarantees for the performance of various works contracts. These guarantees were predominantly granted to Local Councils to ensure the satisfactory performance of capital works on subdivision projects. Details and estimated maximum amounts of contingent liabilities (for which no provisions are included in the accounts) arising in respect of:

	Consolidated	
	2017	**2016**
	$	**$**
Contingent liabilities		
Related parties	25,944	25,944
External parties	188,402	191,437
	214,346	217,381

Note 34. Related party transactions

Parent entity
Westlawn Finance Limited is the parent entity.

Westlawn Holdings Pty Ltd is the ultimate parent entity in the wholly-owned group.

Subsidiaries
Interests in subsidiaries are set out in note 36.

Associates
Interests in associates are set out in note 37.

Key management personnel
Disclosures relating to key management personnel are set out in note 29.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2017	**2016**
	$	**$**
Other income:		
Interest received from associate	122,730	123,114
Interest received from commonly controlled entity	130,748	134,806
Interest received from controlling entity	203,483	260,769
Interest received from key management personnel	45,000	58,910
Interest received from subsidiaries	34,220	47,029

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Note 34. Related party transactions (continued)

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2017	2016
	$	$
Current receivables:		
Loan to associate	1,245,694	1,289,232
Loan to commonly controlled entity	8,915	1,517,083
Loan to controlling entity	2,321	2,387,101
Loan to key management personnel	155,814	511,957
Loan to subsidiaries	156,300	143,651
Non-current receivables:		
Loan to commonly controlled entity	1,502,816	-
Loan to controlling entity	2,157,727	2,309
Loan to key management personnel	487,561	83,175
Loan to subsidiaries	154,368	308,911
Current borrowings:		
Loan from subsidiaries (unsecured notes)	546,224	1,311,250
Loan from other related party (unsecured notes)	12,333,571	11,248,146
Non-current borrowings:		
Loan from other related party (unsecured notes)	63,196	471,036

Terms and conditions
During the financial year the Company advanced and repaid loans with Directors and related parties of directors and other key management personnel. With the exception of employee loans that are generally granted an interest rate discount of 0.50%, these dealings are on normal commercial terms and conditions.

The general terms and conditions of related party loans are as follows:

Loans to the parent entity, Westlawn Holdings Pty Ltd and subsidiaries of this entity, are made at variable rates of interest (currently 8.65% as at 30/6/2017). Interest on these loans is capitalised and paid monthly. Various kinds of security are held for all of these loans.

Loans to related parties of Directors are at interest rates of between 7.25% pa and 12.50% pa. Interest on these loans is capitalised and paid monthly. Security is held for the majority (approximately 94%) of these loans and comprises a combination of registered first mortgage, plant and equipment, as well as registered Security Interests over shares and other assets.

Employees of Westlawn Finance receive loans currently at the rate of 8.50% pa, which is approximately 0.50% below the relevant rate offered to the general public. In all other respects these loans are on usual commercial terms.

The Company has a Related Parties Transaction Policies & Procedures Manual that governs lending to related parties.

Note 35. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2017	2016
	$	$
Profit after income tax	2,237,355	1,478,475
Total comprehensive income	2,237,355	1,588,215

Note 35. Parent entity information (continued)

Statement of financial position

	Parent 2017 $	Parent 2016 $
Total current assets	28,718,248	49,256,733
Total assets	208,822,931	191,385,727
Total current liabilities	190,522,693	174,713,189
Total liabilities	190,866,165	175,049,476
Equity		
Issued capital	11,744,643	11,744,643
Revaluation surplus reserve	1,060,098	1,060,098
Available-for-sale reserve	152,009	81,850
Retained profits	5,000,016	3,449,660
Total equity	17,956,766	16,336,251

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
Westlawn Finance Limited has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contingent liabilities
Refer to note 33 for details of the Company's contingent liabilities.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2017 and 30 June 2016.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 36. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
North State Finance Pty Ltd	Coffs Harbour NSW / Australia	100.00%	100.00%
Westlawn Insurance Brokers Pty Ltd	Grafton NSW / Australia	100.00%	100.00%
Grafton Investments Pty Ltd	Grafton NSW / Australia	100.00%	100.00%

Note 36. Interests in subsidiaries (continued)

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Principal activities	Parent Ownership interest 2017 %	Parent Ownership interest 2016 %	Non-controlling interest Ownership interest 2017 %	Non-controlling interest Ownership interest 2016 %
Westlawn Insurance Brokers (Coffs) Pty Ltd	Coffs Harbour NSW / Australia	Insurance Broker	80.00%	80.00%	20.00%	20.00%

Note 37. Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
Ken Casson Motors Pty Ltd	Grafton NSW / Australia	25.00%	25.00%

Note 37. Interests in associates (continued)

Summarised financial information

	Ken Casson Motors Pty Ltd	
	2017	**2016**
	$	**$**
Summarised statement of financial position		
Current assets	3,002,783	3,046,684
Non-current assets	1,123,410	1,104,075
Total assets	4,126,193	4,150,759
Current liabilities	1,792,416	1,771,292
Total liabilities	1,792,416	1,771,292
Net assets	2,333,777	2,379,467
Summarised statement of profit or loss and other comprehensive income		
Revenue	11,560,507	10,926,730
Expenses	(11,101,745)	(10,604,674)
Profit before income tax	458,762	322,056
Income tax expense	(137,629)	(96,617)
Profit after income tax	321,133	225,439
Other comprehensive income	-	-
Total comprehensive income	321,133	225,439
Reconciliation of the consolidated entity's carrying amount		
Opening carrying amount	629,117	610,257
Share of profit after income tax	80,283	56,360
Share of dividends paid	(87,500)	(37,500)
Reclassification as non-current assets classified as held for sale	(621,900)	-
Closing carrying amount	-	629,117

Note 38. Events after the reporting period

In August 2017 the Company sold its interest in the associated entity Ken Casson Motors Pty Ltd. As at balance date the Company's interest in this entity was reclassified as non-current assets classified as held for sale.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 39. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2017	**2016**
	$	**$**
Profit after income tax expense for the year	2,760,622	1,599,126
Adjustments for:		
Depreciation and amortisation	606,253	604,868
Net loss on disposal of property, plant and equipment	61,031	15,627
Share of profit - associates	(80,283)	(56,360)
Dividends & trust income	(335,649)	(264,681)
Bad debts written off	228,680	558,250
Amounts provided (written back) for doubtful debts	60,543	1,087,513
Net fair value gain on land and buildings	-	(261,120)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(33,597)	84,262
Decrease in accrued revenue	123,040	165,715
Increase in other operating assets	(1,228,087)	(49,447)
Increase/(decrease) in trade and other payables	1,687,115	(1,000,460)
Increase/(decrease) in provision for income tax	107,846	(306,010)
Increase in deferred tax liabilities	786,905	504,095
Increase in employee benefits	14,200	25,405
Decrease in accrued interest payable	(115,991)	(98,802)
Net cash from operating activities	4,642,628	2,607,981

Westlawn Finance Limited
Directors' declaration
30 June 2017

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

- 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 directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Michael James Dougherty
Chairman

26 September 2017
Grafton

Independent Auditor's Report
To the members of Westlawn Finance Limited

Opinion

We have audited the financial report of Westlawn Finance Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's directors' report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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

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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 that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS

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K R FRANEY (Partner)
Registered Company Auditor

Grafton
27 September 2017.