

Condensed Interim Report

31 December 2019



Westlawn
FINANCE LIMITED

and its controlled entities

ABN 19 096 725 218

Westlawn Finance Limited
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31 December 2019

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General information

The interim condensed 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 half-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 February 2020.

Westlawn Finance Limited
Directors' report
31 December 2019

The directors present their report, together with the interim condensed 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 half-year ended 31 December 2019.

Directors

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

James William Dougherty
Mark Charles Dougherty
Geoffrey Dean Scofield
Andrew Harry Hayes
Andrew Michael Dougherty
Cameron Scott McCullagh
Andrew Douglas Bennett

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- Financier
- Insurance Broker

Review of operations

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$2,101,521 (31 December 2018: \$1,282,039).

Finance

The finance business contributed a profit before tax of \$1,774,084 for the half-year (31 December 2018: profit of \$1,229,140).

Insurance

The insurance broking business continues to make a positive contribution to the Group, reporting a net profit before tax of \$1,286,054 for the half-year (31 December 2018: profit of \$635,082).

Significant changes in the state of affairs

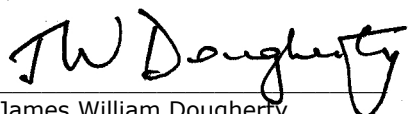
There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



James William Dougherty
Chairman

26 February 2020
Grafton



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Westlawn Finance Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Westlawn Finance Limited and the entities it controlled during the period.

Dated at Lismore this 26th day of February 2020.

**THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS**

Per:

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

Westlawn Finance Limited
Interim condensed statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

	Consolidated	
	Half-year ended 31 December 2019	Half-year ended 31 December 2018
Note	\$	\$
Interest income	6,893,020	6,717,003
Interest expense	<u>(2,814,123)</u>	<u>(2,672,811)</u>
Total net interest income	4,078,897	4,044,192
Non-interest revenue	2 3,896,486	3,031,045
Total revenue after interest expense	<u>7,975,383</u>	<u>7,075,237</u>
Expenses		
Bad debts written off	(676,997)	(226,976)
Impairment of loans and advances	261,397	(733,569)
Employee benefits expense	(2,870,926)	(2,526,047)
Depreciation and amortisation expense	3 (243,338)	(272,015)
Loss on disposal of assets	-	(2,203)
Other expenses	3 <u>(1,385,381)</u>	<u>(1,450,205)</u>
Total expenses	<u>(4,915,245)</u>	<u>(5,211,015)</u>
Profit before income tax expense	3,060,138	1,864,222
Income tax expense	<u>(936,681)</u>	<u>(572,399)</u>
Profit after income tax expense for the half-year	2,123,457	1,291,823
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Loss on the revaluation of equity instruments at fair value through other comprehensive income, net of tax	<u>(257,165)</u>	-
Other comprehensive income for the half-year, net of tax	<u>(257,165)</u>	-
Total comprehensive income for the half-year	<u>1,866,292</u>	<u>1,291,823</u>
Profit for the half-year is attributable to:		
Non-controlling interest	21,936	9,784
Owners of Westlawn Finance Limited	<u>2,101,521</u>	<u>1,282,039</u>
	<u>2,123,457</u>	<u>1,291,823</u>
Total comprehensive income for the half-year is attributable to:		
Non-controlling interest	21,936	9,784
Owners of Westlawn Finance Limited	<u>1,844,356</u>	<u>1,282,039</u>
	<u>1,866,292</u>	<u>1,291,823</u>

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

Westlawn Finance Limited
Interim condensed statement of financial position
As at 31 December 2019

		Consolidated	
	Note	As at 31 December 2019	As at 30 June 2019
		\$	\$
Assets			
Cash and cash equivalents	4	40,695,347	41,455,452
Trade and other receivables	5	481,315	400,916
Other assets	6	342,230	367,677
Loans & advances	7	182,771,902	177,122,073
Financial assets at fair value through other comprehensive income	8	4,640,286	3,994,141
Other financial assets	9	6,637,753	2,000,000
Property, plant and equipment	10	6,997,413	7,091,408
Intangibles	11	<u>2,737,973</u>	<u>2,829,375</u>
Total assets		<u>245,304,219</u>	<u>235,261,042</u>
Liabilities			
Trade and other payables	12	15,666,306	16,647,114
Interest bearing liabilities	13	192,027,617	182,724,305
Income tax	14	1,026,138	67,146
Provisions	15	1,321,862	1,302,830
Deferred tax liabilities	16	<u>1,394,318</u>	<u>1,517,961</u>
Total liabilities		<u>211,436,241</u>	<u>202,259,356</u>
Net assets		<u>33,867,978</u>	<u>33,001,686</u>
Equity			
Issued capital	17	24,094,643	24,094,643
Reserves	18	747,197	1,559,553
Retained profits		<u>8,857,479</u>	<u>7,200,767</u>
Equity attributable to the owners of Westlawn Finance Limited		33,699,319	32,854,963
Non-controlling interest		<u>168,659</u>	<u>146,723</u>
Total equity		<u>33,867,978</u>	<u>33,001,686</u>

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

Westlawn Finance Limited
Interim condensed statement of changes in equity
For the half-year ended 31 December 2019

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2018	11,744,643	1,975,920	7,502,749	138,543	21,361,855
Profit after income tax expense for the half-year	-	-	1,282,039	9,784	1,291,823
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	1,282,039	9,784	1,291,823
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	14,000,000	-	-	-	14,000,000
Redemption of preference shares	(1,650,000)	-	-	-	(1,650,000)
Dividends paid (note 19)	-	-	(2,019,960)	-	(2,019,960)
Balance at 31 December 2018	<u>24,094,643</u>	<u>1,975,920</u>	<u>6,764,828</u>	<u>148,327</u>	<u>32,983,718</u>

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2019	24,094,643	1,559,553	7,200,767	146,723	33,001,686
Profit after income tax expense for the half-year	-	-	2,101,521	21,936	2,123,457
Other comprehensive income for the half-year, net of tax	-	(257,165)	-	-	(257,165)
Total comprehensive income for the half-year	-	(257,165)	2,101,521	21,936	1,866,292
Prior year reclassification of loss on revaluation of equity instruments	-	(555,191)	555,191	-	-
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid (note 19)	-	-	(1,000,000)	-	(1,000,000)
Balance at 31 December 2019	<u>24,094,643</u>	<u>747,197</u>	<u>8,857,479</u>	<u>168,659</u>	<u>33,867,978</u>

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

Westlawn Finance Limited
Interim condensed statement of cash flows
For the half-year ended 31 December 2019

	Note	Consolidated Half-year ended 31 December 2019 \$	Half-year ended 31 December 2018 \$
Cash flows from operating activities			
Interest & rent received from external investments		7,053,894	6,989,059
Other receipts		3,681,033	2,752,950
Payments to suppliers and employees		<u>(5,899,093)</u>	<u>(5,420,991)</u>
		4,835,834	4,321,018
Interest and other finance costs paid		(2,986,452)	(2,852,220)
Income taxes paid		<u>(441,371)</u>	<u>(211,539)</u>
Net cash from operating activities		<u>1,408,011</u>	<u>1,257,259</u>
Cash flows from investing activities			
Payments for investments		(5,748,259)	-
Payments for plant and equipment		(61,847)	(122,222)
Payments for intangibles		-	(42,948)
Proceeds from disposal of investments		194,054	456,577
Proceeds from disposal of property, plant and equipment		17,273	22,727
Dividends & distributions received		9,844	92,575
Net loans (advanced) repaid		<u>(4,882,494)</u>	<u>(3,462,828)</u>
Net cash used in investing activities		<u>(10,471,429)</u>	<u>(3,056,119)</u>
Cash flows from financing activities			
Proceeds from issue of shares	17	-	10,000,000
Payments for redemption of shares		-	(1,650,000)
Net (decrease) increase in unsecured notes		9,303,313	(3,953,671)
Dividends paid	19	<u>(1,000,000)</u>	<u>(2,019,960)</u>
Net cash from financing activities		<u>8,303,313</u>	<u>2,376,369</u>
Net increase/(decrease) in cash and cash equivalents		(760,105)	577,509
Cash and cash equivalents at the beginning of the financial half-year		<u>41,455,452</u>	<u>30,626,626</u>
Cash and cash equivalents at the end of the financial half-year		<u>40,695,347</u>	<u>31,204,135</u>

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

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2019

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These interim condensed general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

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.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The adoption of this Accounting Standard did not have any significant impact on the financial performance or position of the consolidated entity.

Note 2. Non-interest revenue

	Consolidated	
	Half-year ended 31 December 2019	Half-year ended 31 December 2018
	\$	\$
Administration fees	490,822	429,177
Commission	2,201,451	1,847,835
Other fees	359,974	362,859
Dividends	1,554	18,118
Rent	185,951	178,805
Trust distributions	8,290	74,457
Bad debts recovered	21,721	30,457
Net gain (loss) on disposal of plant & equipment	225	6,474
Other revenue	626,498	82,863
	<u>3,896,486</u>	<u>3,031,045</u>
Non-interest revenue		

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2019

Note 3. Expenses

	Consolidated	
	Half-year ended 31 December 2019	Half-year ended 31 December 2018
	\$	\$
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Buildings	51,734	47,323
Plant and equipment	75,903	80,787
Total depreciation	<u>127,637</u>	<u>128,110</u>
<i>Amortisation</i>		
Customer lists	20,715	56,647
Software	70,687	80,847
Leasehold improvements	11,157	6,278
Borrowing costs	-	133
Corporate bonds	13,142	-
Total amortisation	<u>115,701</u>	<u>143,905</u>
Total depreciation and amortisation	<u>243,338</u>	<u>272,015</u>
<i>Other expenses</i>		
Auditors' remuneration	57,776	63,930
Fees and commission paid	139,394	212,606
Management fees	125,900	-
IT and telephony	190,667	218,051
Payroll tax	140,850	128,464
Rent paid	153,482	143,577
Other operating expenses	577,312	683,577
Total other expenses	<u>1,385,381</u>	<u>1,450,205</u>

Note 4. Cash and cash equivalents

	Consolidated	
	As at 31 December 2019	As at 30 June 2019
	\$	\$
Cash on hand	15,650	15,700
Cash at bank	18,160,825	21,109,747
Cash on deposit	22,518,872	20,330,005
	<u>40,695,347</u>	<u>41,455,452</u>
Amount expected to be recovered within 12 months	<u>40,695,347</u>	<u>41,455,452</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2019

Note 5. Trade and other receivables

	Consolidated	
	As at 31 December 2019	As at 30 June 2019
	\$	\$
Trade receivables	390,223	330,803
Accrued interest & other receivables	91,092	70,113
	<u>481,315</u>	<u>400,916</u>
Amount expected to be recovered within 12 months	<u>481,315</u>	<u>400,916</u>

Note 6. Other assets

	Consolidated	
	As at 31 December 2019	As at 30 June 2019
	\$	\$
Prepayments	342,230	367,677
Amount expected to be recovered within 12 months	<u>342,230</u>	<u>367,677</u>

Note 7. Loans & advances

	Consolidated	
	As at 31 December 2019	As at 30 June 2019
	\$	\$
Loans and advances	184,876,439	179,488,007
Less: Provision for impairment	(2,104,537)	(2,365,934)
	<u>182,771,902</u>	<u>177,122,073</u>
Amount expected to be recovered within 12 months	76,508,007	77,098,459
Amount expected to be recovered after more than 12 months	<u>106,263,895</u>	<u>100,023,614</u>
	<u>182,771,902</u>	<u>177,122,073</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2019

Note 8. Financial assets at fair value through other comprehensive income

	Consolidated	
	As at 31 December 2019	As at 30 June 2019
	\$	\$
Shares in listed companies	4,387,943	3,547,743
Units in unlisted unit trusts	252,343	446,398
	<u>4,640,286</u>	<u>3,994,141</u>
Amount expected to be recovered within 12 months	-	2,363,602
Amount expected to be recovered after more than 12 months	4,640,286	1,630,539
	<u>4,640,286</u>	<u>3,994,141</u>

Reconciliation

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

Opening fair value	3,994,141	4,674,655
Additions	1,097,364	4,000,000
Disposals	(194,054)	(4,145,851)
Revaluation increments	-	20,528
Revaluation decrements	(257,165)	(555,191)
Closing fair value	<u>4,640,286</u>	<u>3,994,141</u>

Refer to note 20 for further information on fair value measurement.

Note 9. Other financial assets

	Consolidated	
	As at 31 December 2019	As at 30 June 2019
	\$	\$
Corporate bonds - at amortised cost	4,637,753	-
Other investments - at amortised cost	2,000,000	2,000,000
	<u>6,637,753</u>	<u>2,000,000</u>
Amount expected to be recovered after more than 12 months	<u>6,637,753</u>	<u>2,000,000</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2019

Note 10. Property, plant and equipment

	Consolidated	
	As at 31 December 2019	As at 30 June 2019
	\$	\$
Land - at independent valuation	2,155,000	2,155,000
Buildings - at independent valuation	4,215,000	4,215,000
Less: Accumulated depreciation	(51,734)	-
	<u>4,163,266</u>	<u>4,215,000</u>
Leasehold improvements - at cost	152,834	152,834
Less: Accumulated depreciation	(42,328)	(31,170)
	<u>110,506</u>	<u>121,664</u>
Plant and equipment - at cost	1,347,844	1,321,451
Less: Accumulated depreciation	(779,203)	(721,707)
	<u>568,641</u>	<u>599,744</u>
	<u>6,997,413</u>	<u>7,091,408</u>
Amount expected to be recovered after more than 12 months	<u>6,997,413</u>	<u>7,091,408</u>

Refer to note 20 for further information on fair value measurement.

Note 11. Intangibles

	Consolidated	
	As at 31 December 2019	As at 30 June 2019
	\$	\$
Goodwill - at cost	4,354,637	4,354,637
Less: Impairment	(1,974,360)	(1,974,360)
	<u>2,380,277</u>	<u>2,380,277</u>
Customer lists - at cost	1,391,395	1,391,395
Less: Accumulated amortisation	(1,163,414)	(1,142,699)
	<u>227,981</u>	<u>248,696</u>
Software - at cost	1,257,694	1,257,694
Less: Accumulated amortisation	(1,127,979)	(1,057,292)
	<u>129,715</u>	<u>200,402</u>
	<u>2,737,973</u>	<u>2,829,375</u>
Amount expected to be recovered after more than 12 months	<u>2,737,973</u>	<u>2,829,375</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2019

Note 12. Trade and other payables

	Consolidated	
	As at 31 December 2019	As at 30 June 2019
	\$	\$
Trade payables	728,718	1,528,533
Insurance broking trust account	2,921,265	3,614,947
Interest payable	163,456	125,436
Other payables	11,852,867	11,378,198
	<u>15,666,306</u>	<u>16,647,114</u>
Amount expected to be settled within 12 months	8,291,603	9,518,684
Amount expected to be settled after more than 12 months	<u>7,374,703</u>	<u>7,128,430</u>
	<u>15,666,306</u>	<u>16,647,114</u>

Note 13. Interest bearing liabilities

	Consolidated	
	As at 31 December 2019	As at 30 June 2019
	\$	\$
Unsecured Notes - at call	13,955,780	13,471,414
Unsecured Notes - term	178,071,837	169,252,891
	<u>192,027,617</u>	<u>182,724,305</u>
Amount expected to be settled within 12 months	159,315,493	159,218,814
Amount expected to be settled after more than 12 months	<u>32,712,124</u>	<u>23,505,491</u>
	<u>192,027,617</u>	<u>182,724,305</u>

Note 14. Income tax

	Consolidated	
	As at 31 December 2019	As at 30 June 2019
	\$	\$
Current tax liability	1,026,138	67,146
Amount expected to be settled within 12 months	<u>1,026,138</u>	<u>67,146</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2019

Note 15. Provisions

	Consolidated	
	As at 31 December 2019	As at 30 June 2019
	\$	\$
Annual leave	462,441	477,304
Long service leave	859,421	825,526
	<u>1,321,862</u>	<u>1,302,830</u>
Amount expected to be settled within 12 months	1,222,227	1,220,467
Amount expected to be settled after more than 12 months	99,635	82,363
	<u>1,321,862</u>	<u>1,302,830</u>

Note 16. Deferred tax liabilities

	Consolidated	
	As at 31 December 2019	As at 30 June 2019
	\$	\$
Deferred tax liability	1,394,318	1,517,961
Amount expected to be settled after more than 12 months	<u>1,394,318</u>	<u>1,517,961</u>

Note 17. Issued capital

	Consolidated			
	As at 31 December 2019	As at 30 June 2019	As at 31 December 2019	As at 30 June 2019
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>14,805,871</u>	<u>14,805,871</u>	<u>24,094,643</u>	<u>24,094,643</u>

Note 18. Reserves

	Consolidated	
	As at 31 December 2019	As at 30 June 2019
	\$	\$
Revaluation surplus reserve	1,508,808	1,508,808
Financial assets at fair value through other comprehensive income reserve	(761,611)	50,745
	<u>747,197</u>	<u>1,559,553</u>

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2019

Note 19. Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated	Consolidated
	Half-year	Half-year
	ended 31	ended 31
	December	December
	2019	2018
	\$	\$
Interim dividend for the year ended 30 June 2020 of 6.7541 cents per ordinary share franked at the rate of 30%	1,000,000	-
Final dividend for the year ended 30 June 2018 of 19.8125 cents per Ordinary Share franked at the rate of 30%	-	2,000,000
Dividend for the period ended ended 27 September 2018 of 1.2097 cents per Redeemable Preference Share franked at the rate of 30%	-	19,960
	<u>1,000,000</u>	<u>2,019,960</u>

Note 20. 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 - As at 31 December 2019	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Assets</i>				
Financial assets at fair value through OCI - Shares in listed companies	4,387,943	-	-	4,387,943
Financial assets at fair value through OCI - Units in unlisted unit trusts	-	-	252,343	252,343
Land and buildings	-	6,370,000	-	6,370,000
Total assets	<u>4,387,943</u>	<u>6,370,000</u>	<u>252,343</u>	<u>11,010,286</u>

Consolidated - As at 30 June 2019	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Assets</i>				
Financial assets at fair value through OCI - Shares in listed companies	3,547,743	-	-	3,547,743
Financial assets at fair value through OCI - Units in unlisted unit trusts	-	-	446,398	446,398
Land and buildings	-	6,370,000	-	6,370,000
Total assets	<u>3,547,743</u>	<u>6,370,000</u>	<u>446,398</u>	<u>10,364,141</u>

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

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 2019 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.

Westlawn Finance Limited
Notes to the interim condensed financial statements
31 December 2019

Note 20. Fair value measurement (continued)

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.

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.

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 financial half-year are set out below:

Consolidated	Financial assets at fair value through OCI \$	Total \$
Balance at 1 July 2019	446,398	446,398
Disposals	<u>(194,055)</u>	<u>(194,055)</u>
Balance at 31 December 2019	<u>252,343</u>	<u>252,343</u>

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

Note 21. 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.

There has been no significant change in contingent liabilities since the last annual reporting date.

Note 22. Events after the reporting period

No matter or circumstance has arisen since 31 December 2019 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.

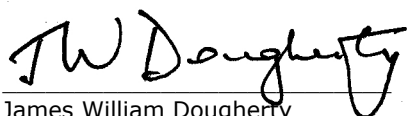
Westlawn Finance Limited
Directors' declaration
31 December 2019

In the directors' opinion:

- the attached interim condensed financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached interim condensed financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-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 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



James William Dougherty
Chairman

26 February 2020
Grafton

Independent Auditor's Review Report to the members of Westlawn Finance Limited and its controlled entities

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Westlawn Finance Limited and its controlled entities ('the Group') which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Westlawn Finance Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Group are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. 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.

**THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS**

Per:


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K R FRANEY (Partner)

Dated at Lismore this 26th day of February 2020