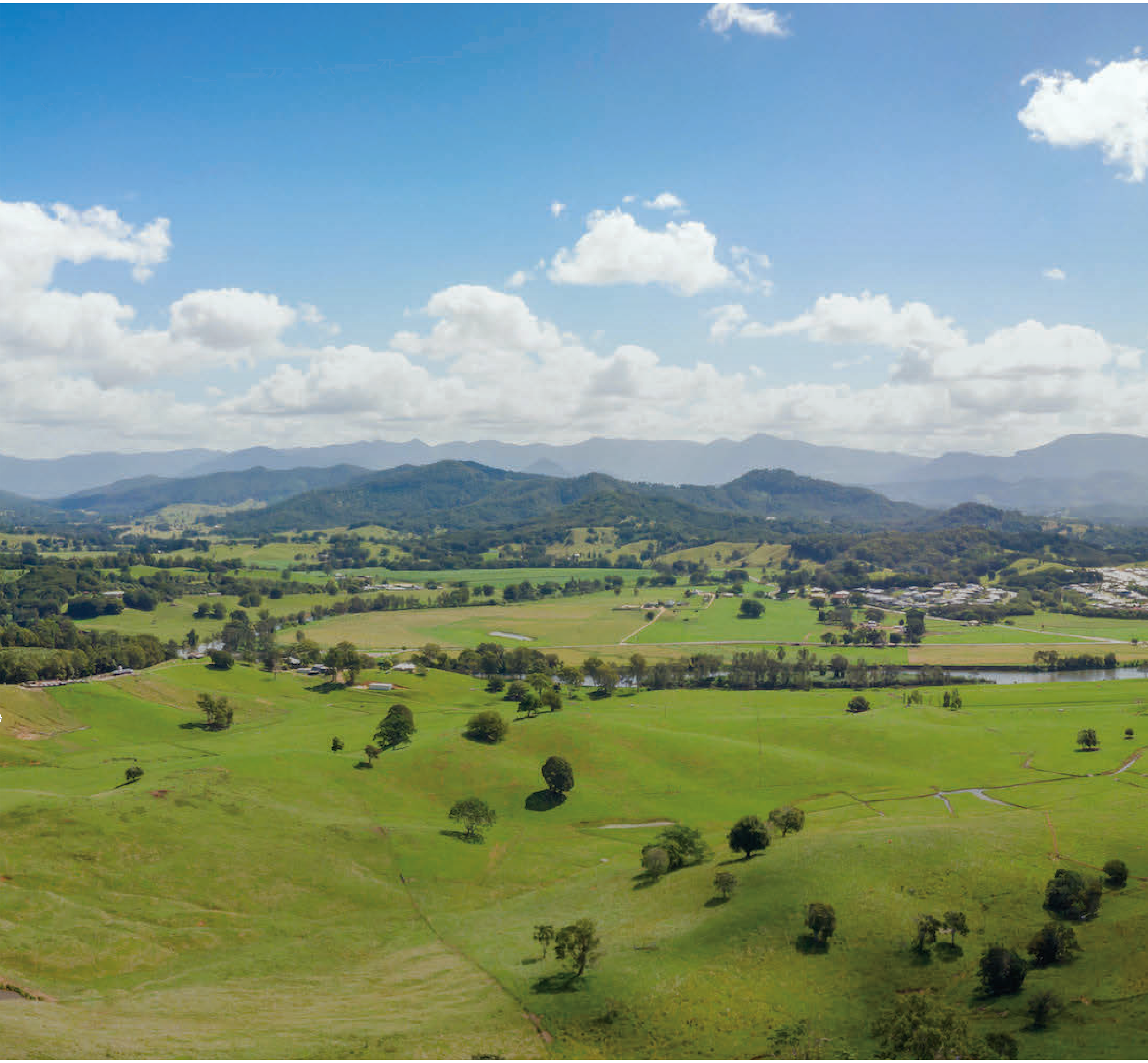
Annual Report
30 June 2021



Westlawn
FINANCE LIMITED

ABN 19 096 725 218

Contents

30 June 2021

Westlawn Finance Limited
Directors' report
30 June 2021

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Group' or 'Group') 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 2021.

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:

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 year the principal continuing activities of the Consolidated Group consisted of:
- Financier
- Insurance Broker

Dividends
Dividends paid during the financial year were as follows:

	Consolidated Group	
	2021	**2020**
	$	**$**
Interim dividend for the year ended 30 June 2021 of 16.885 cents per Ordinary Share franked at the rate of 30%	2,500,000	-
Final dividend for the year ended 30 June 2020 of 13.5081 cents per Ordinary Share franked at the rate of 30%	2,000,000	-
Final dividend for the year ended 30 June 2019 of 6.7541 cents per Ordinary Share franked at the rate of 30%	-	1,000,000
	4,500,000	1,000,000

Review of operations
The profit for the Consolidated Group after providing for income tax and non-controlling interest amounted to $2,895,948 (30 June 2020: $3,437,765).

Finance

The finance business contributed a profit before tax of $2,704,449 (2020: $2,928,403) for the year.

Insurance

The insurance broking business continues to make a positive contribution to the Group, reporting a net profit before tax of $1,454,187 (2020: $1,940,034) for the year.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Consolidated Group during the financial year.

Matters subsequent to the end of the financial year
Acquisition of Centrepoint Finance Pty Ltd

Subsequent to year end, on 14 July 2021 the Company executed a Share Purchase Agreement ('SPA') with COG Financial Services Limited (the Ultimate Parent entity of the Group) for the acquisition of Centrepoint Finance Pty Ltd ('CPF'). The acquisition price agreed between the parties is cash consideration of $6.225m with a working capital adjustment to be calculated on completion. The SPA also includes an Earn-Out adjustment to be calculated after 12 months. Pre-acquisition conditions of the SPA were satisfied, and the Company made the initial completion payment of $6.225m on 30 August 2021.

Management consider the disclosure of a pro-forma acquisition balance sheet to be impractical at the date of this report.

Assignment of receivables

At year end, the Company became aware of a potential fraud relating to a portfolio of equipment leases with customers arranged by an agent. There was no history of arrears owing on amounts provided by the agent. Management consider this information to provide evidence of certain conditions that existed at balance date and have therefore amended the provision for expected credit losses accordingly (refer to Note 29).

Subsequent to year end the agent was placed into Administration and the business was sold to a new operator on or about 22 July 2021. The new operator is in the process of engaging with customers and re-commencing the collection of payments on the equipment lease contracts it has in place on behalf of the Company.

On 13 August 2021 the Company signed a sale agreement with its shareholders for the assignment of approximately 90% of the portfolio of the receivables relating to the above matter. The assignment of the portfolio is based on a face value of $13.08m, representing 90% of the contracted future rental payments under the contracts discounted to present value of $15.40m and net of an allowance for impairment of $0.91m. Also included in the sale was an amount of $1.04m representing 50% of the expected secondary income rights on the contracts discounted to present value. The total sale price of $14.12m was settled for cash consideration of $9.0m and a vendor loan of $5.12m with interest charged at the rate of 6% and fully repayable on or before 30 June 2022.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Consolidated Group's operations, the results of those operations, or the Consolidated Group'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 Group 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 Group.

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

Information on Directors

Name:	James William Dougherty
Title:	Chairman
Qualifications:	Bachelor of Economics, Diploma of Financial Management, Certificate IV Financial Services
Experience and expertise:	Chartered Accountant, Licensed Real Estate Agent
Special responsibilities:	Executive Chairman
Name:	Mark Charles Dougherty
Title:	Director
Qualifications:	Bachelor of Business, Certificate IV in Financial Services
Experience and expertise:	Finance – more than 20 years experience, Company Accountant – 9 years experience
Name:	Geoffrey Dean Scofield
Title:	Managing Director & CEO
Qualifications:	Certificate IV and Diploma in Financial Services
Experience and expertise:	Banking & Finance – more than 25 years experience
Special responsibilities:	Managing Director, Chief Executive Officer

Name:	Andrew Harry Hayes
Title:	Director
Qualifications:	Bachelor of Business, Graduate Diploma in Financial Planning, Certificate IV Financial Services
Experience and expertise:	Chartered Accountant – more than 25 years experience, Registered Company Auditor, Registered Tax Agent
Special responsibilities:	Chief Financial Officer, Company Secretary

Name:	Andrew Michael Dougherty
Title:	Non-executive Director
Qualifications:	Bachelor of Business, Advanced Diploma Financial Services (Planning/Finance Broking)
Experience and expertise:	Financial adviser - more than 10 years experience, Licensed Finance Broker

Name:	Cameron Scott McCullagh
Title:	Non-executive Director
Qualifications:	Bachelor of Business
Experience and expertise:	Financial services - more than 30 years experience

Name:	Andrew Douglas Bennett
Title:	Non-executive Director
Experience and expertise:	Financial services - more than 25 years experience

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 2021, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
James William Dougherty	11	11
Mark Charles Dougherty	11	11
Geoffrey Dean Scofield	11	11
Andrew Harry Hayes	11	11
Andrew Michael Dougherty	11	11
Cameron Scott McCullagh	8	11
Andrew Douglas Bennett	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

JW Dougherty

James William Dougherty
Chairman

30 August 2021
Grafton

Thomas Noble & Russell
Accountants | Auditors | Business Advisers

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 2021, 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 the Westlawn Finance Limited and the entities it controlled during the period.

Dated at Lismore this 30th day of August 2021.

THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS

Per:

....
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 2021

	Note	Consolidated Group 2021 $	2020 $
Interest income		13,520,258	13,960,506
Interest expense		(4,838,051)	(5,478,276)
Total net interest income		8,682,207	8,482,230
Non-interest revenue	4	6,827,031	7,128,119
Other income	5	947,326	-
Total revenue after interest expense		16,456,564	15,610,349
Expenses			
Bad debts written off		(630,450)	(1,132,802)
Impairment of loans and advances		(2,066,629)	190,740
Employee benefits expense		(6,156,743)	(5,765,713)
Depreciation and amortisation expense	6	(572,211)	(570,295)
Impairment of investments		(110,000)	(800,000)
Loss on disposal of assets		(38,696)	(6,465)
Other expenses	6	(2,723,199)	(2,657,377)
Total expenses		(12,297,928)	(10,741,912)
Profit before income tax expense		4,158,636	4,868,437
Income tax expense	7	(1,207,526)	(1,369,099)
Profit after income tax expense for the year		2,951,110	3,499,338
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		2,196,683	6,149
Loss on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		-	(1,638,677)
Other comprehensive income for the year, net of tax		2,196,683	(1,632,528)
Total comprehensive income for the year		5,147,793	1,866,810
Profit for the year is attributable to:			
Non-controlling interest		55,162	61,573
Owners of Westlawn Finance Limited		2,895,948	3,437,765
		2,951,110	3,499,338
Total comprehensive income for the year is attributable to:			
Non-controlling interest		60,078	60,945
Owners of Westlawn Finance Limited		5,087,715	1,805,865
		5,147,793	1,866,810

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 2021

	Note	Consolidated Group 2021 $	2020 $
Assets			
Cash and cash equivalents	8	59,931,251	43,402,496
Trade and other receivables	9	401,464	476,510
Other assets	10	462,909	539,681
Non-current assets classified as held for sale	11	110,000	-
Loans & advances	12	183,464,154	185,958,470
Financial assets at fair value through other comprehensive income	13	4,036,619	3,136,714
Other financial assets	14	8,363,039	5,736,989
Property, plant and equipment	15	4,779,556	6,930,274
Right-of-use assets	16	632,760	-
Intangibles	17	2,870,553	2,646,662
Deferred tax assets	18	464,944	-
Total assets		265,517,249	248,827,796
Liabilities			
Trade and other payables	19	14,456,133	17,056,922
Interest bearing liabilities	20	212,025,920	193,684,522
Lease liabilities	21	636,916	-
Income tax	22	2,361,234	1,960,147
Provisions	23	1,565,757	1,417,923
Deferred tax liabilities	24	-	859,786
Total liabilities		231,045,960	214,979,300
Net assets		34,471,289	33,848,496
Equity			
Issued capital	25	24,094,643	24,094,643
Reserves	26	1,623,925	(627,538)
Retained profits		8,529,975	10,193,723
Equity attributable to the owners of Westlawn Finance Limited		34,248,543	33,660,828
Non-controlling interest	27	222,746	187,668
Total equity		34,471,289	33,848,496

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 2021

Consolidated Group	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 year	-	-	3,437,765	61,573	3,499,338
Other comprehensive income for the year, net of tax	-	(1,631,900)	-	(628)	(1,632,528)
Total comprehensive income for the year	-	(1,631,900)	3,437,765	60,945	1,866,810
Reclassification of fair value decrement in equity instruments	-	(555,191)	555,191	-	-
Transactions with owners in their capacity as owners:					
Dividends paid (note 28)	-	-	(1,000,000)	(20,000)	(1,020,000)
Balance at 30 June 2020	24,094,643	(627,538)	10,193,723	187,668	33,848,496

Consolidated Group	Issued capital $	Reserves $	Retained profits $	Non-controlling interest $	Total equity $
Balance at 1 July 2020	24,094,643	(627,538)	10,193,723	187,668	33,848,496
Profit after income tax expense for the year	-	-	2,895,948	55,162	2,951,110
Other comprehensive income for the year, net of tax	-	2,191,767	-	4,916	2,196,683
Total comprehensive income for the year	-	2,191,767	2,895,948	60,078	5,147,793
Transfers from reserves on sale of financial assets	-	59,696	(59,696)	-	-
Transactions with owners in their capacity as owners:					
Dividends paid (note 28)	-	-	(4,500,000)	(25,000)	(4,525,000)
Balance at 30 June 2021	24,094,643	1,623,925	8,529,975	222,746	34,471,289

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 2021

	Note	Consolidated Group 2021 $	Consolidated Group 2020 $
Cash flows from operating activities			
Interest & rent received from external investments		13,764,174	14,324,750
Other receipts		6,739,378	6,792,363
Payments to suppliers and employees		(8,892,168)	(8,101,290)
		11,611,384	13,015,823
Interest and other finance costs paid		(4,875,874)	(5,699,122)
Income taxes paid		(2,193,460)	(129,448)
Net cash from operating activities	40	4,542,050	7,187,253
Cash flows from investing activities			
Payments for investments		(7,129,029)	(7,255,766)
Payments for property, plant and equipment	15	(409,887)	(141,245)
Payments for intangibles	17	(366,210)	-
Proceeds from disposal of investments		6,310,800	1,837,595
Proceeds from disposal of property, plant and equipment		2,538,919	17,272
Dividends received		137,931	20,088
Net loans (advanced) repaid		(2,752,150)	(9,658,371)
Net cash used in investing activities		(1,669,626)	(15,180,427)
Cash flows from financing activities			
Net increase in unsecured notes		18,341,397	10,960,218
Dividends paid	28	(4,500,000)	(1,000,000)
Repayment of lease liabilities		(160,066)	-
Dividends paid (non-controlling interest)	28	(25,000)	(20,000)
Net cash from financing activities		13,656,331	9,940,218
Net increase in cash and cash equivalents		16,528,755	1,947,044
Cash and cash equivalents at the beginning of the financial year		43,402,496	41,455,452
Cash and cash equivalents at the end of the financial year	8	59,931,251	43,402,496

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

Westlawn Finance Limited
Notes to the financial statements
30 June 2021

Note 1. General information

The financial statements cover Westlawn Finance Limited as a Consolidated Group 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 Group'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 30 August 2021. The Directors have the power to amend and reissue the financial statements.

Note 2. 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 Group 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 financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

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 Group'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 3.

Classification of assets and liabilities

Westlawn Finance Limited is a financial institution and the assets and liabilities disclosed in the statement of financial position are grouped by nature and listed in an order that reflects their relative liquidity.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Group only. Supplementary information about the parent entity is disclosed in note 37.

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 2021 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 Group'.

Subsidiaries are all those entities over which the Consolidated Group has control. The Consolidated Group controls an entity when the Consolidated Group 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 Group. They are de-consolidated from the date that control ceases.

Note 2. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Group 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 Group.

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 Group. Losses incurred by the Consolidated Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Group 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 Group 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
The Consolidated Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Consolidated Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Consolidated Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

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.

Fees and commission
Fees and commission revenue are recognised when it is received or when the right to receive payment is established.

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.

Note 2. Significant accounting policies (continued)

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.

Westlawn Finance Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

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 allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Consolidated Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

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.

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.

Note 2. Significant accounting policies (continued)

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. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Consolidated Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the Consolidated Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The Consolidated Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Consolidated Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

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.

Impairment of loans and advances
The Consolidated Group applies a three-stage approach to measuring expected credit losses (ECLs) for financial assets that are not measured at fair value through profit or loss.

Note 2. Significant accounting policies (continued)

Financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-months ECL
The Consolidated Group collectively assesses ECLs on exposures where there has not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination. For these exposures, the Consolidated Group recognises as a collective provision the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months. The Consolidated Group does not conduct an individual assessment of exposures in Stage 1 as there is no evidence of one or more events occurring that would have a detrimental impact on estimated future cash flows.

Stage 2: Lifetime ECL – not credit impaired
The Consolidated Group collectively assesses ECLs on exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired. For these exposures, the consolidated entity recognises as a collective provision a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset). Similar to Stage 1, the Consolidated Group does not conduct an individual assessment on Stage 2 exposures as the increase in credit risk is not, of itself, an event that could have a detrimental impact on future cash flows.

Stage 3: Lifetime ECL – credit impaired
The Consolidated Group identifies individually, ECLs on those exposures that are assessed as credit impaired based on whether one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised as a specific provision, and interest revenue (if any) is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

Determining the stage for impairment
At each reporting date, the Consolidated Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The Consolidated Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, where appropriate, forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months ECL. Exposures that have not deteriorated significantly since origination are considered to have a low credit risk. The provision for doubtful debts for these financial assets is based on a 12-months ECL.

Measurement of ECLs
ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

For loans that the credit risk has not increased significantly since initial recognition (i.e. no more than 30 days past due), the Consolidated Group will measure the loss allowance for the loan at an amount equal to 12-month expected credit losses.

Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.

Credit quality of financial assets
The Consolidated Group has an internally developed credit rating scale derived from historical default data to assess the potential default risk in lending. The Consolidated Group has pre-defined counterparty probabilities of default across consumer and business loans and advances.

Inputs, assumptions and techniques used for estimating impairment
In assessing the impairment of financial assets under the expected credit loss model, the Consolidated Group defines default in accordance with its Lending Policy and Procedures Manual, which includes defaulted assets and impaired assets as described below. Default generally occurs when a loan obligation is 30 days or more past due, or when it is considered unlikely that the credit obligation to the Consolidated Group will be paid in full without recourse to actions, such as realisation of security.

Assessment of significant increase in credit risk
When determining whether the risk of default has increased significantly since initial recognition, the Consolidated Group considers both quantitative and qualitative information and analysis based on the Consolidated Group's historical experience and expert credit risk assessment, including forward-looking information. Credit risk is deemed to have increased significantly when an asset is more than 30 days past due (DPD).

Note 2. Significant accounting policies (continued)

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 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 Group. 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.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Consolidated Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Consolidated Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

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.

Note 2. Significant accounting policies (continued)

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.

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 Group 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.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Consolidated Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Provisions
Provisions are recognised when the Consolidated Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Group 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 high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 2. Significant accounting policies (continued)

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.

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 Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Group'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 Group 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.

Note 2. Significant accounting policies (continued)

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.

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 Group for the annual reporting period ended 30 June 2021. The Consolidated Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. 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.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include 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 Group 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 Group 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 Group 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 2. 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.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Consolidated Group 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 Group 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 Group assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the Consolidated Group 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.

Income tax
The Consolidated Group 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 Group recognises liabilities for anticipated tax audit issues based on the Consolidated Group'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 Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Business combinations
As discussed in note 2, 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 Group 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 4. Non-interest revenue

	Consolidated Group	
	2021	**2020**
	$	**$**
Administration fees	1,040,044	1,038,306
Commission	4,434,754	4,164,820
Other fees	770,502	747,586
Dividends	135,471	8,742
Rent	86,086	350,116
Trust distributions	2,461	11,346
Bad debts recovered	54,210	42,564
Net gain on disposal of plant & equipment	4,119	225
Other revenue	299,384	764,414
Non-interest revenue	6,827,031	7,128,119

Disaggregation of revenue
The Group's revenue is wholly sourced from the provision of financial services in Australia (predominately New South Wales), and comprises interest received from the provision of loans to customers, and fees and commissions from insurance broking. Accordingly, management has considered that the provision of additional information on disaggregation of revenue is considered unnecessary.

Note 5. Other income

	Consolidated Group	
	2021	2020
	$	$
Net gain on disposal of property	346,996	-
Net gain on disposal of financial assets	600,330	-
Other income	947,326	-

Note 6. Expenses

	Consolidated Group	
	2021	2020
	$	$
Profit before income tax includes the following specific expenses:		
Depreciation		
Buildings	75,802	102,906
Freehold improvements	2,922	-
Leasehold improvements	23,031	22,193
Plant and equipment	134,095	153,765
Buildings right-of-use assets	164,222	-
Total depreciation	400,072	278,864
Amortisation		
Customer lists	40,610	41,129
Software	89,961	141,584
Corporate bonds	41,579	108,718
Total amortisation	172,150	291,431
Total depreciation and amortisation	572,222	570,295
Other expenses		
Auditors' remuneration	121,704	113,652
Fees and commission paid	345,569	290,343
Management fees	252,000	251,650
IT and telephony	559,487	382,427
Payroll tax	299,929	198,989
Rent paid	19,889	306,530
Other operating expenses	1,124,622	1,113,786
Total other expenses	2,723,200	2,657,377

Note 7. Income tax expense

	Consolidated Group 2021 $	Consolidated Group 2020 $
Income tax expense		
Current tax	2,570,159	2,029,909
Deferred tax - origination and reversal of temporary differences	(1,387,022)	(670,315)
Adjustment recognised for prior periods	24,389	9,505
Aggregate income tax expense	1,207,526	1,369,099
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (note 18)	(701,377)	128,736
Decrease in deferred tax liabilities (note 24)	(685,645)	(799,051)
Deferred tax - origination and reversal of temporary differences	(1,387,022)	(670,315)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	4,158,636	4,868,437
Tax at the statutory tax rate of 30%	1,247,591	1,460,531
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	12,184	12,339
Depreciation of property, plant and equipment	23,617	30,872
Entertainment expenses	3,571	955
Gross-up of dividend income	17,417	1,999
Other non-deductible items	18,284	15,507
Capital gain on sale of assets	327,727	-
Tax offset for franked dividends	(58,058)	(3,746)
Accounting gain on sale of assets	(284,198)	-
Capital allowances on buildings	(18,204)	(18,254)
Other non-assessable items	(51,810)	(40,709)
	1,238,121	1,459,494
Adjustment recognised for prior periods	24,389	9,505
Prior year tax losses not recognised now recouped	(54,984)	(99,900)
Income tax expense	1,207,526	1,369,099
The weighted average effective tax rates are as follows:	29.04%	28.12%

	Consolidated Group 2021 $	Consolidated Group 2020 $
Amounts charged directly to equity		
Deferred tax liabilities (note 24)	62,292	2,635

Note 7. Income tax expense (continued)

	Consolidated Group 2021 $	Consolidated Group 2020 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Loss on the revaluation of equity instruments at fair value through OCI	-	658,160
Total deferred tax assets not recognised	-	658,160

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 8. Cash and cash equivalents

	Consolidated Group 2021 $	Consolidated Group 2020 $
Cash on hand	14,543	15,350
Cash at bank	37,089,498	20,693,604
Cash on deposit	22,827,210	22,693,542
	59,931,251	43,402,496
Amount expected to be recovered within 12 months	59,931,251	43,402,496

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 $3.718 million (2020: $4.076 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 19 - Trade and other payables.

Note 9. Trade and other receivables

	Consolidated Group 2021 $	Consolidated Group 2020 $
Trade receivables	375,921	401,837
Other receivables	25,543	74,673
	401,464	476,510
Amount expected to be recovered within 12 months	401,464	476,510

Note 10. Other assets

	Consolidated Group 2021 $	Consolidated Group 2020 $
Prepayments	462,909	539,681
Amount expected to be recovered within 12 months	462,909	539,681

Note 11. Non-current assets classified as held for sale

	Consolidated Group 2021 $	Consolidated Group 2020 $
Freehold land & buildings	110,000	-
Amount expected to be recovered within 12 months	110,000	-

Note 12. Loans & advances

	Consolidated Group 2021 $	Consolidated Group 2020 $
Loans and advances	187,705,977	188,133,664
Less: Allowance for expected credit losses	(4,241,823)	(2,175,194)
	183,464,154	185,958,470
Amount expected to be recovered within 12 months	91,107,493	84,871,100
Amount expected to be recovered after more than 12 months	92,356,661	101,087,370
	183,464,154	185,958,470

Refer to note 29 'Financial instruments' for further information on loans and advances.

Note 13. Financial assets at fair value through other comprehensive income

	Consolidated Group 2021 $	Consolidated Group 2020 $
Shares in listed companies	4,007,498	3,015,215
Units in unlisted unit trusts	29,121	121,499
	4,036,619	3,136,714
Amount expected to be recovered after more than 12 months	4,036,619	3,136,714

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

	2021 $	2020 $
Opening fair value	3,136,714	3,994,141
Additions	3,129,029	1,097,364
Disposals	(4,488,098)	(324,898)
Revaluation increments	2,258,974	8,784
Revaluation decrements	-	(1,638,677)
Closing fair value	4,036,619	3,136,714

Refer to note 30 for further information on fair value measurement.

Note 14. Other financial assets

	Consolidated Group 2021 $	Consolidated Group 2020 $
Corporate bonds - at amortised cost	1,773,039	3,036,979
Less: Provision for impairment	(910,000)	(800,000)
Other investments - at amortised cost	7,500,000	3,500,010
	8,363,039	5,736,989
Amount expected to be recovered after more than 12 months	8,363,039	5,736,989

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

	2021 $	2020 $
Opening carrying amount	5,736,989	2,000,000
Additions	4,000,000	6,158,405
Disposals	(1,222,371)	(1,512,698)
Amortisation of corporate bonds	(41,579)	(108,718)
Impairment of assets	(110,000)	(800,000)
Closing carrying amount	8,363,039	5,736,989

Note 15. Property, plant and equipment

	Consolidated Group 2021 $	Consolidated Group 2020 $
Land - at independent valuation	1,240,000	2,155,000
Buildings - at independent valuation	2,885,000	4,215,000
Less: Accumulated depreciation	(144,448)	(102,906)
	2,740,552	4,112,094
Freehold improvements - at cost	126,958	-
Less: Accumulated depreciation	(2,922)	-
	124,036	-
Leasehold improvements - at cost	205,253	152,834
Less: Accumulated depreciation	(66,142)	(53,364)
	139,111	99,470
Plant and equipment - at cost	1,223,215	1,363,618
Less: Accumulated depreciation	(687,358)	(799,908)
	535,857	563,710
	4,779,556	6,930,274
Amount expected to be recovered after more than 12 months	4,779,556	6,930,274

Note 15. Property, plant and equipment (continued)

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

Consolidated Group	Freehold land $	Freehold buildings $	Freehold improvements $	Leasehold improvements $	Plant and Equipment $	Total $
Balance at 1 July 2019	2,155,000	4,215,000	-	121,664	599,744	7,091,408
Additions	-	-	-	-	141,245	141,245
Disposals	-	-	-	-	(23,513)	(23,513)
Depreciation expense	-	(102,906)	-	(22,194)	(153,766)	(278,866)
Balance at 30 June 2020	2,155,000	4,112,094	-	99,470	563,710	6,930,274
Additions	-	-	126,958	74,497	208,432	409,887
Disposals	(915,000)	(1,185,740)	-	-	(102,190)	(2,202,930)
Write off of assets	-	-	-	(11,825)	-	(11,825)
Transfers in/(out)	-	(110,000)	-	-	-	(110,000)
Depreciation expense	-	(75,802)	(2,922)	(23,031)	(134,095)	(235,850)
Balance at 30 June 2021	1,240,000	2,740,552	124,036	139,111	535,857	4,779,556

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 2019 based on independent assessments by a member of the Australian Property Institute.

Refer to note 30 for further information on fair value measurement.

Note 16. Right-of-use assets

	Consolidated Group	
	2021 $	**2020 $**
Land and buildings - right-of-use	796,982	-
Less: Accumulated depreciation	(164,222)	-
	632,760	-
Amount expected to be recovered after more than 12 months	632,760	-

The Consolidated Group leases land and buildings for its offices under agreements of between 3 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 16. Right-of-use assets (continued)

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

Consolidated Group	Land and buildings $	Total $
Balance at 1 July 2019	-	-
Balance at 30 June 2020	-	-
Additions	383,706	383,706
Adoption of AASB 16 as at 1 July 2020	413,276	413,276
Depreciation expense	(164,222)	(164,222)
Balance at 30 June 2021	632,760	632,760

Note 17. Intangibles

	Consolidated Group	
	2021 $	**2020 $**
Goodwill - at cost	4,142,571	4,142,571
Less: Impairment	(1,762,294)	(1,762,294)
	2,380,277	2,380,277
Customer lists - at cost	1,319,363	1,391,395
Less: Accumulated amortisation	(1,152,406)	(1,183,828)
	166,957	207,567
Software - at cost	1,136,550	783,750
Less: Accumulated amortisation	(813,231)	(724,932)
	323,319	58,818
	2,870,553	2,646,662
Amount expected to be recovered after more than 12 months	2,870,553	2,646,662

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

Consolidated Group	Goodwill $	Customer lists $	Software $	Total $
Balance at 1 July 2019	2,380,277	248,696	200,402	2,829,375
Amortisation expense	-	(41,129)	(141,584)	(182,713)
Balance at 30 June 2020	2,380,277	207,567	58,818	2,646,662
Additions	-	-	366,210	366,210
Disposals	-	-	(11,748)	(11,748)
Amortisation expense	-	(40,610)	(89,961)	(130,571)
Balance at 30 June 2021	2,380,277	166,957	323,319	2,870,553

Impairment disclosures
Goodwill is tested annually for impairment as disclosed in note 2.

Note 17. Intangibles (continued)

Goodwill represents previously purchased insurance broking businesses. Management uses widely accepted industry multiples of both revenue and EBITA to calculate the fair value less costs of disposal of the underlying business. This valuation is then used to calculate the goodwill component of the business to ensure that the carrying value is not impaired.

For the year ended 30 June 2021 the recoverable amount of goodwill was determined to be higher than the carrying amount, consequently no impairment has been recognised as at 30 June 2021 (2020: nil).

Note 18. Deferred tax assets

	Consolidated Group	
	2021	**2020**
	$	**$**
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Employee benefits	469,727	425,377
Accrued expenses	39,372	35,334
Provision for impairment of loans	1,545,547	892,558
Deferred tax assets set-off against deferred tax liabilities pursuant to set-off provisions	(1,589,702)	(1,353,269)
Deferred tax asset	464,944	-
Movements:		
Opening balance	-	-
Credited/(charged) to profit or loss (note 7)	701,377	(128,736)
Prior year closing balance prior to set-off against deferred tax liabilities	1,353,269	1,482,005
Deferred tax assets set-off against deferred tax liabilities pursuant to set-off provisions	(1,589,702)	(1,353,269)
Closing balance	464,944	-

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

Note 19. Trade and other payables

	Consolidated Group	
	2021	**2020**
	$	**$**
Trade payables	1,190,688	1,149,151
Insurance broking trust account	3,717,730	4,075,591
GST payable on leases	8,594,132	11,138,204
Interest payable	87,902	125,724
BAS payable	545,176	276,999
Other payables	320,505	291,253
	14,456,133	17,056,922
Amount expected to be settled within 12 months	10,140,256	10,509,829
Amount expected to be settled after more than 12 months	4,315,877	6,547,093
	14,456,133	17,056,922

Refer to note 29 for further information on financial instruments.

Note 20. Interest bearing liabilities

	Consolidated Group 2021 $	Consolidated Group 2020 $
Unsecured Notes - at call	15,691,770	15,418,012
Unsecured Notes - term	196,334,150	178,266,510
	212,025,920	193,684,522
Amount expected to be settled within 12 months	179,981,556	163,390,234
Amount expected to be settled after more than 12 months	32,044,364	30,294,288
	212,025,920	193,684,522

Refer to note 29 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 21. Lease liabilities

	Consolidated Group 2021 $	Consolidated Group 2020 $
Lease liability	636,916	-
Amount expected to be settled within 12 months	130,915	-
Amount expected to be settled after more than 12 months	506,001	-
	636,916	-

Refer to note 29 for further information on financial instruments.

Note 22. Income tax

	Consolidated Group 2021 $	Consolidated Group 2020 $
Current tax liability	2,361,234	1,960,147
Amount expected to be settled within 12 months	2,361,234	1,960,147

Note 23. Provisions

	Consolidated Group 2021 $	Consolidated Group 2020 $
Annual leave	651,672	542,281
Long service leave	914,085	875,642
	1,565,757	1,417,923
Amount expected to be settled within 12 months	1,468,881	1,335,517
Amount expected to be settled after more than 12 months	96,876	82,406
	1,565,757	1,417,923

Note 24. Deferred tax liabilities

	Consolidated Group 2021 $	Consolidated Group 2020 $
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Plant and equipment	1,151,357	2,147,740
In-house software	-	16,990
Set-off of deferred tax assets pursuant to set-off provisions	(1,589,702)	(1,353,269)
	(438,345)	811,461
Amounts recognised in equity:		
Revaluation of property, plant and equipment	388,268	388,268
Revaluation of financial assets at fair value through other comprehensive income	92,112	29,820
Realised capital losses	(42,035)	(369,763)
	438,345	48,325
Deferred tax liability	-	859,786
Movements:		
Opening balance	859,786	1,517,961
Credited to profit or loss (note 7)	(685,645)	(799,051)
Charged to equity (note 7)	62,292	2,635
Adjustment recognised for prior periods	-	9,505
Prior year amount set-off against deferred tax assets	1,353,269	1,482,005
Set-off of deferred tax assets pursuant to set-off provisions	(1,589,702)	(1,353,269)
Closing balance	-	859,786

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

Note 25. Issued capital

	Consolidated Group			
	2021 Shares	**2020 Shares**	**2021 $**	**2020 $**
Ordinary shares - fully paid	14,805,871	14,805,871	24,094,643	24,094,643

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. COG Financial Services Limited owns 51% of the issued capital of the Company with the remaining 49% owned by Westlawn Holdings Pty Ltd.

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 Group 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 2020 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 26. Reserves

	Consolidated Group	
	2021 $	**2020 $**
Revaluation surplus reserve	1,425,973	1,508,808
Financial assets at fair value through other comprehensive income reserve	197,952	(2,136,346)
	1,623,925	(627,538)

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

Financial assets at fair value through other comprehensive income reserve
The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Note 26. Reserves (continued)

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

Consolidated Group	Revaluation surplus reserve $	Financial assets at fair value through OCI reserve $	Total $
Balance at 1 July 2019	1,508,808	50,745	1,559,553
Revaluation - gross	-	(1,629,893)	(1,629,893)
Deferred tax	-	(2,635)	(2,635)
Non-controlling interest share of revaluation	-	628	628
Prior year reclassification of loss on revaluation of equity instruments	-	(555,191)	(555,191)
Balance at 30 June 2020	1,508,808	(2,136,346)	(627,538)
Revaluation - gross	-	2,258,974	2,258,974
Deferred tax	-	(62,291)	(62,291)
Non-controlling interest share of revaluation	-	(4,916)	(4,916)
Transfer to retained earnings on sale of assets	(82,835)	142,531	59,696
Balance at 30 June 2021	1,425,973	197,952	1,623,925

Note 27. Non-controlling interest

The following table summarises the information relating to each of the Company's subsidiaries that has a non-controlling interest, before any intra-group eliminations.

Westlawn Insurance Brokers (Coffs) Pty Ltd	2021 $	2020 $
Current assets	1,109,271	838,018
Non-current assets	1,190,353	1,163,264
Current liabilities	(1,096,001)	(989,725)
Non-current liabilities	(89,893)	(73,217)
Net assets	1,113,730	938,340
Net assets attributable to NCI at 20%	222,746	187,668

Refer to the statement of changes in equity for the share of profit or loss allocated to and dividends paid to non-controlling interests of the subsidiary during the reporting period.

Refer to note 38 for further detail on subsidiaries with non-controlling interests.

Note 28. Dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated Group	
	2021	2020
	$	$
Interim dividend for the year ended 30 June 2021 of 16.885 cents per Ordinary Share franked at the rate of 30%	2,500,000	-
Final dividend for the year ended 30 June 2020 of 13.5081 cents per Ordinary Share franked at the rate of 30%	2,000,000	-
Final dividend for the year ended 30 June 2019 of 6.7541 cents per Ordinary Share franked at the rate of 30%	-	1,000,000
	4,500,000	1,000,000

Dividends paid to non-controlling interests
A dividend of $25,000 (2020: $20,000) was paid by a subsidiary to non-controlling interests during the year. Refer to note 38 for further information on interests in subsidiaries.

Franking credits

	Consolidated Group	
	2021	2020
	$	$
Franking credits available for subsequent financial years based on a tax rate of 30%	5,297,693	4,499,699

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 29. 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 Group and appropriate procedures, controls and limits. Finance identifies, evaluates and minimises financial risks within the Consolidated Group's operating units. Finance reports to the Board on a monthly basis.

Price risk
The Consolidated Group 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 2021 approximately 81% (2020: 86%) of Group lending is on a fixed basis.

Note 29. Financial instruments (continued)

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 Group had the following variable rate assets and liabilities outstanding:

Consolidated Group	2021 Weighted average interest rate %	2021 Balance $	2020 Weighted average interest rate %	2020 Balance $
Cash & cash equivalents	0.07%	37,104,041	-	20,708,954
Loans & advances	6.53%	35,571,266	6.94%	26,048,370
Interest bearing liabilities	(1.58%)	(15,691,770)	(2.19%)	(15,418,011)
Net exposure to cash flow interest rate risk		56,983,537		31,339,313

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 variable 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 Group - 2021	**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	248,769	174,139	100	(248,769)	(174,139)

	Basis points increase			Basis points decrease		
Consolidated Group - 2020	**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	92,819	64,973	100	(92,819)	(64,973)

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 Consolidated Group 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 balance sheet and notes to the financial statements (refer in particular to note 12 'Loans & advances').

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Consolidated Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Note 29. Financial instruments (continued)

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Cash and cash equivalents
The Group had cash and cash equivalents of $59,931,251 as at 30 June 2021 (2020: $43,402,496). These amounts are held with Australian banks and financial institutions which are rated AA- by Standard & Poor's. The Group considers that its cash and cash equivalents have low credit risk based on the external ratings of the counterparties.

Loans and advances
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 Group	
	2021	**2020**
	$	**$**
Loan portfolio by security type		
Plant, equipment & chattels	139,704,125	147,538,632
Registered first mortgages - non development loans	30,391,065	23,507,162
Registered first mortgages - development loans	9,508,756	7,203,433
Insurance policies (premium funding)	5,547,440	5,903,673
Security interests over shares & assets	872,015	2,014,033
Registered second mortgages	1,229,564	1,356,032
Other	40,662	-
Unsecured	412,350	610,699
Total loan receivables	187,705,977	188,133,664

	Consolidated Group	
	2021	**2020**
	$	**$**
Loan portfolio by geographic region		
NSW	121,074,034	124,044,361
Queensland	44,938,873	42,014,152
Victoria	13,617,663	15,572,220
Western Australia	4,868,754	4,616,799
South Australia	2,606,698	1,514,191
Northern Territory	297,830	80,626
ACT	157,287	111,287
Tasmania	144,838	180,028
Total loan receivables	187,705,977	188,133,664

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

(a) a documented credit risk management principles that are adhered to by all staff involved in the lending process;
(b) a process for approving risk based on tiered delegated lending approvals, with the largest exposures assessed and approved by the Board; and
(c) a financial capacity approval assessment for the Company’s retail lending of personal loans.

Note 29. Financial instruments (continued)

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

	Consolidated Group 2021 $	Consolidated Group 2020 $
Impaired loans (including non accrual loans)		
Loans - without provisions	115,710	887,733
Loans - with provisions	4,288,404	1,944,114
Less: allowance for expected credit losses	(3,732,932)	(1,424,698)
Net impaired loans	671,182	1,407,149

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

Allowance for expected credit losses (ECL)
The following table provides additional information on the ageing of impaired loans (including non accrual loans) together with the respective allowance for ECL:

Consolidated	Carrying amount 2021 $	Carrying amount 2020 $	Allowance for ECL 2021 $	Allowance for ECL 2020 $
Impaired loans (including non accrual loans)				
Not in arrears (but impaired)	3,169,000	79,530	2,880,869	67,605
More than 30 days in arrears	349,907	546,235	97,553	108,993
More than 60 days in arrears	52,281	305,506	50,955	22,860
More than 90 days in arrears	832,926	1,900,576	703,555	1,225,240
	4,404,114	2,831,847	3,732,932	1,424,698

Movements in the allowance for expected credit losses on loans are as follows:

Consolidated	Stage 1 12-mth ECL Collective provision $	Stage 2 Lifetime ECL Collective provision $	Stage 3 Lifetime ECL Specific provision $	Total $
Balance as at 30 June 2019	631,349	130,950	1,603,635	2,365,934
New and increased provisions (net of releases)	119,147	(20,093)	(289,794)	(190,740)
Balance as at 30 June 2020	750,496	110,857	1,313,841	2,175,194
New and increased provisions (net of releases)	(241,605)	(13,304)	2,321,538	2,066,629
Balance as at 30 June 2021	508,891	97,553	3,635,379	4,241,823

Note 29. Financial instruments (continued)

Loans that are not subject to an increase in credit risk are collectively assessed to determine a portion of the lifetime ECL associated with the probability of events occurring with the next 12 months.

Loans that have not been operated within their key terms for 30 days or more are specifically provided for using estimation techniques together with individual loan assessments 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.

Subsequent to year end the Company became aware of certain matters that have impacted the calculation of expected credit losses as at 30 June 2021. Refer to note 39 'Events after the reporting period' for further information.

COVID-19
The Company has considered the impact of COVID-19 when assessing its exposure to expected credit losses.

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.

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.

Note 29. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the Consolidated Group'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 Group - 2021	Weighted average interest rate %	At call $	0 to 3 months $	3 to 12 months $	1 to 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives							
Non-interest bearing							
Trade & other payables	-	-	7,071,622	3,068,634	4,315,883	-	14,456,139
Financial guarantees	-	-	214,346	-	-	-	214,346
Undrawn credit commitments	-	9,330,258	1,356,540	-	-	-	10,686,798
Interest-bearing - variable							
Unsecured notes	1.58%	15,691,770	-	-	-	-	15,691,770
Interest-bearing - fixed rate							
Unsecured notes	2.15%	-	59,235,924	106,042,158	32,719,015	1,485	197,998,582
Total non-derivatives		25,022,028	67,878,432	109,110,792	37,034,898	1,485	239,047,635

Consolidated Group - 2020	Weighted average interest rate %	At call $	0 to 3 months $	3 to 12 months $	1 to 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives							
Non-interest bearing							
Trade & other payables	-	-	7,121,654	3,388,180	6,547,093	-	17,056,927
Financial guarantees	-	-	214,346	-	-	-	214,346
Undrawn credit commitments	-	7,170,266	5,157,695	-	-	-	12,327,961
Interest-bearing - variable							
Unsecured notes	2.19%	15,418,011	-	-	-	-	15,418,011
Interest-bearing - fixed rate							
Unsecured notes	2.77%	-	52,171,892	96,956,081	31,056,414	61,879	180,246,266
Total non-derivatives		22,588,277	64,665,587	100,344,261	37,603,507	61,879	225,263,511

Details about the financial guarantees are provided in note 35. 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 Group 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.

Note 29. Financial instruments (continued)

Maturity analysis

The following tables detail the Consolidated Group's mismatch in the maturity of its financial 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 Group - 2021	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	37,104,041	22,827,210	-	-	-	-	59,931,251
Trade and other receivables	-	401,464	-	-	-	-	401,464
Other assets	-	462,909	-	-	-	-	462,909
Loans & advances	-	27,208,658	63,898,835	96,590,610	7,874	(4,241,823)	183,464,154
Financial assets at fair value through OCI	-	-	-	-	-	4,036,619	4,036,619
Other financial assets	-	-	-	-	-	8,363,039	8,363,039
Trade and other payables	-	(7,071,622)	(3,068,634)	(4,315,883)	-	-	(14,456,139)
Interest bearing liabilities	(15,691,770)	(59,080,100)	(105,209,686)	(32,042,910)	(1,454)	-	(212,025,920)
Lease liabilities	-	(148,029)	(130,063)	(362,013)	(47,533)	50,723	(636,915)
Net mismatch	21,412,271	(15,399,510)	(44,509,548)	59,869,804	(41,113)	8,208,558	29,540,462

Consolidated Group - 2020	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	20,708,954	22,693,542	-	-	-	-	43,402,496
Trade and other receivables	-	476,510	-	-	-	-	476,510
Other assets	-	539,681	-	-	-	-	539,681
Loans & advances	-	27,243,781	57,627,319	103,227,920	34,644	(2,175,194)	185,958,470
Financial assets at fair value through OCI	-	-	-	-	-	3,136,714	3,136,714
Other financial assets	-	-	-	2,236,979	-	3,500,010	5,736,989
Trade and other payables	-	(7,121,649)	(3,388,180)	(6,547,093)	-	-	(17,056,922)
Interest bearing liabilities	(15,418,011)	(51,995,109)	(95,977,114)	(30,234,048)	(60,240)	-	(193,684,522)
Net mismatch	5,290,943	(8,163,244)	(41,737,975)	68,683,758	(25,596)	4,461,530	28,509,416

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

Note 30. Fair value measurement

Fair value hierarchy
The following tables detail the Consolidated Group's assets and liabilities, measured or disclosed at fair value on a recurring basis, 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 Group - 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Assets				
Financial assets at fair value through OCI - shares in listed companies	4,007,498	-	-	4,007,498
Financial assets at fair value through OCI - units in unlisted unit trusts	-	-	29,121	29,121
Non-current assets classified as held for sale	-	110,000	-	110,000
Land and buildings	-	4,104,588	-	4,104,588
Total assets	4,007,498	4,214,588	29,121	8,251,207

Consolidated Group - 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Assets				
Financial assets at fair value through OCI - shares in listed companies	3,015,215	-	-	3,015,215
Financial assets at fair value through OCI - units in unlisted unit trusts	-	-	121,499	121,499
Land and buildings	-	6,267,094	-	6,267,094
Total assets	3,015,215	6,267,094	121,499	9,403,808

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.

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. 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.

Note 30. Fair value measurement (continued)

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

Consolidated Group	Financial assets at fair value through OCI $	Total $
Balance at 1 July 2019	446,398	446,398
Disposals	(324,899)	(324,899)
Balance at 30 June 2020	121,499	121,499
Disposals	(92,378)	(92,378)
Balance at 30 June 2021	29,121	29,121

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

Note 31. Key management personnel disclosures

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

James William Dougherty	Chairman – Executive
Mark Charles Dougherty	Director – Executive
Geoffrey Dean Scofield	Chief Executive Officer & Managing Director
Andrew Harry Hayes	Director, Company Secretary & Chief Financial Officer
Andrew Michael Dougherty	Non-executive Director
Cameron Scott McCullagh	Non-executive Director
Andrew Douglas Bennett	Non-executive Director

Other key management personnel
The following person also had the authority and responsibility for planning, directing and controlling the major activities of the Consolidated Group, 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 Group is set out below:

	Consolidated Group	
	2021 **$**	**2020** **$**
Short-term employee benefits	1,047,822	1,005,889
Post-employment benefits	97,787	92,681
	1,145,609	1,098,570

Note 32. 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 Group	
	2021	**2020**
	$	**$**
Audit services - Thomas Noble & Russell		
Audit or review of the financial statements	121,704	113,652

Note 33. Commitments receivable

	Consolidated Group	
	2021	**2020**
	$	**$**
Finance lease commitments		
Committed at the reporting date and recognised as assets, receivable:		
Within 3 months	14,417,595	17,010,441
3 to 12 months	33,808,377	37,269,985
1 to 5 years	47,741,729	72,018,025
Later than 5 years	10	29,690
Less: Future finance charges	(7,115,200)	(11,037,499)
Net finance lease receivables	88,852,511	115,290,642

	Consolidated Group	
	2021	**2020**
Operating lease commitments		
Minimum lease commitments receivable but not recognised in the financial statements:		
Receivable within 12 months	-	70,044
Receivable later than 1 year, not later than 5 years	-	58,370
Total receivable	-	128,414

For the year ended 30 June 2021, operating lease commitments have not been disclosed as these commitments are now included within lease liabilities in the consolidated statement of financial position in accordance with AASB 16.

Note 34. Commitments payable

	Consolidated Group	
	2021	**2020**
	$	**$**
Credit related commitments:		
Committed at the reporting date but not recognised as liabilities, payable:		
Gross loans approved, but not advanced to borrowers	1,356,540	5,157,695
Line of credit facilities granted but not drawn	9,330,258	7,170,266
	10,686,798	12,327,961

Note 35. 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 Group	
	2021	**2020**
	$	**$**
Contingent liabilities		
Related parties	25,944	25,944
External parties	158,402	158,402
	184,346	184,346

Note 36. Related party transactions

Ultimate parent entity

COG Financial Services Limited (COG) is the ultimate parent entity.

Parent entity
Westlawn Finance Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 38.

Key management personnel
Disclosures relating to key management personnel are set out in note 31.

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

	Consolidated Group	
	2021	**2020**
	$	**$**
Other income:		
Interest received from key management personnel	52,756	72,444
Payment for goods and services:		
Payment for services from controlling entity	100,750	151,000
Payment for services from entity with significant influence	151,250	100,650
Other transactions:		
Payment to controlling entity (COG) for purchase of AMBIT software	350,000	-
Payment from subsidiary of controlling entity (COG) for transfer of employee entitlements	60,349	-

The Company has received a guarantee from COG in respect of a portfolio of loans introduced to the Company by a subsidiary of COG. The outstanding balance of the loans subject to the guarantee total approximately $44.6m and are included as part of note 12 'Loans & advances'.

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 36. 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 Group	
	2021	**2020**
	$	**$**
Current receivables:		
Loan to key management personnel	436,267	954,941
Non-current receivables:		
Loan to key management personnel	54,263	97,670
Current borrowings:		
Loan from controlling entity (parent) (unsecured notes)	-	1,344,705
Loan from entity with significant influence	1,017,939	-
Loan from subsidiaries (unsecured notes)	138,141	111,069
Loan from other related party (unsecured notes)	12,286,062	11,182,931
Non-current borrowings:		
Loan from other related party (unsecured notes)	85,390	50,954

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 related parties of Directors are at interest rates of between 6.00% pa and 9.00% pa. Interest on these loans is capitalised and paid monthly. Security is held for all 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.

Loans to employees of the Group or associated entities are at interest rates between 6.99% pa and 7.50% 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 37. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2021	**2020**
	$	**$**
Profit after income tax	2,889,809	2,994,241
Total comprehensive income	2,889,809	2,994,241

Note 37. Parent entity information (continued)

Statement of financial position

	Parent 2021 $	Parent 2020 $
Total current assets	55,254,931	38,587,045
Total assets	259,532,464	242,100,295
Total current liabilities	226,357,581	208,680,912
Total liabilities	227,846,171	210,855,147
Equity		
Issued capital	24,094,643	24,094,643
Revaluation surplus reserve	1,378,723	1,461,558
Financial assets at fair value through other comprehensive income reserve	-	(2,193,867)
Retained profits	6,212,927	7,882,814
Total equity	31,686,293	31,245,148

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 35 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 2021 and 30 June 2020.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Consolidated Group, as disclosed in note 2, 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 38. 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 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
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%
Westlawn Financial Services Limited	Grafton NSW / Australian	100.00%	100.00%

Note 38. Interests in subsidiaries (continued)

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in note 2:

			Parent		Non-controlling interest	
Name	**Principal place of business / Country of incorporation**	**Principal activities**	**Ownership interest 2021 %**	**Ownership interest 2020 %**	**Ownership interest 2021 %**	**Ownership interest 2020 %**
Westlawn Insurance Brokers (Coffs) Pty Ltd	Coffs Harbour NSW / Australia	Insurance Broker	80.00%	80.00%	20.00%	20.00%
Westlawn Insurance Brokers (Vic) Pty Ltd	Grafton NSW / Australia	Insurance Broker	51.00%	-	49.00%	-

Note 39. Events after the reporting period

Acquisition of Centrepoint Finance Pty Ltd

Subsequent to year end, on 14 July 2021 the Company executed a Share Purchase Agreement ('SPA') with COG Financial Services Limited (the Ultimate Parent entity of the Group) for the acquisition of Centrepoint Finance Pty Ltd ('CPF'). The acquisition price agreed between the parties is cash consideration of $6.225m with a working capital adjustment to be calculated on completion. The SPA also includes an Earn-Out adjustment to be calculated after 12 months. Pre-acquisition conditions of the SPA were satisfied, and the Company made the initial completion payment of $6.225m on 30 August 2021.

Management consider the disclosure of a pro-forma acquisition balance sheet to be impractical at the date of this report.

Assignment of receivables

At year end, the Company became aware of a potential fraud relating to a portfolio of equipment leases with customers arranged by an agent. There was no history of arrears owing on amounts provided by the agent. Management consider this information to provide evidence of certain conditions that existed at balance date and have therefore amended the provision for expected credit losses accordingly (refer to Note 29).

Subsequent to year end the agent was placed into Administration and the business was sold to a new operator on or about 22 July 2021. The new operator is in the process of engaging with customers and re-commencing the collection of payments on the equipment lease contracts it has in place on behalf of the Company.

On 13 August 2021 the Company signed a sale agreement with its shareholders for the assignment of approximately 90% of the portfolio of the receivables relating to the above matter. The assignment of the portfolio is based on a face value of $13.08m, representing 90% of the contracted future rental payments under the contracts discounted to present value of $15.40m and net of an allowance for impairment of $0.91m. Also included in the sale was an amount of $1.04m representing 50% of the expected secondary income rights on the contracts discounted to present value. The total sale price of $14.12m was settled for cash consideration of $9.0m and a vendor loan of $5.12m with interest charged at the rate of 6% and fully repayable on or before 30 June 2022.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Consolidated Group's operations, the results of those operations, or the Consolidated Group's state of affairs in future financial years.

Note 40. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated Group 2021 $	Consolidated Group 2020 $
Profit after income tax expense for the year	2,951,110	3,499,338
Adjustments for:		
Depreciation and amortisation	572,220	570,296
Net loss/(gain) on disposal of property, plant and equipment	(312,417)	6,240
Net gain on disposal of financial assets	(600,330)	-
Dividends & trust income	(137,931)	(20,088)
Bad debts written off	630,450	1,132,802
Amounts provided (written back) for doubtful debts	2,066,629	(190,740)
Impairment of other financial assets	110,000	800,000
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	58,864	(44,937)
Increase in deferred tax assets	(464,944)	-
Decrease/(increase) in accrued revenue	50,913	(465)
Decrease/(increase) in other operating assets	176,633	(64,710)
Increase/(decrease) in trade and other payables	(148,166)	355,763
Increase in provision for income tax	401,085	1,900,460
Decrease in deferred tax liabilities	(922,077)	(660,810)
Increase in employee benefits	147,833	115,093
Decrease in accrued interest payable	(37,822)	(210,989)
Net cash from operating activities	4,542,050	7,187,253

Westlawn Finance Limited
Directors' declaration
30 June 2021

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 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Consolidated Group's financial position as at 30 June 2021 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

JW Dougherty

James William Dougherty
Chairman

30 August 2021
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 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the Company's financial position as at 30 June 2021 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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the 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 Company 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 Company 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 Company'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 Company'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 Company 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

Ken Franey

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K R FRANEY (Partner)

Dated at Lismore this 30th day of August 2021