Annual Report
30 June 2024

Westlawn
Income Fund
ARSN 639 742 288

Westlawn Income Fund
Directors' report
30 June 2024

The directors of Westlawn Financial Services Limited ('Responsible Entity') as Responsible Entity of the Westlawn Income Fund ('Fund') present their report together with the Financial Report of the Fund for the year ended 30 June 2024.

Directors

The following persons were directors of the Responsible Entity during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mark Charles Dougherty
Geoffrey Dean Scofield
Andrew Harry Hayes
Andrew Douglas Bennett
James William Dougherty (resigned 29 September 2023)

Principal activities

During the financial year the principal continuing activities of the Fund was to offer individual investors the opportunity to combine their funds with other investors to collectively invest in interest bearing financial assets as described in the current Product Disclosure Statement (PDS).

The Fund's investment objective is to generate returns for investors through investing in various debt instruments which provide fixed interest returns.

The fund did not have any employees during the financial year.

Managed investment scheme

The Fund is a managed investment scheme registered by the Australian Securities and Investments Commission in accordance with the Corporations Act 2001. The Fund was established on 24 March 2020 and issued its first offer document on 4 December 2020.

Review of operations

The profit for the Fund amounted to $nil (30 June 2023: $nil).

The following tables summarises the amount distributed and weighted average annual percentage rate for each Class of Units on issue during the year:

Class of Units	2024 **Distribution $**	2024 **Weighted average %**	**2023 Distribution $**	2023 **Weighted average %**
Class 6M (retail)	64,158	5.43%	7,875	4.73%
Class 12M (retail)	268,435	6.15%	12,854	5.25%
Class 24M (retail)	1,539,140	6.43%	1,360,317	5.24%
Class 2M (wholesale)	12,055	5.00%	54,795	5.00%
Subordinated 24M (wholesale)	359,699	7.57%	213,412	5.73%
	2,243,487		1,649,253	

The Fund issued it's first Product Disclosure Statement (PDS) on 4 December 2020 at which time it commenced operations.

Distributions

Distributions paid during the financial year were as follows:

	2024 $	**2023 $**
Monthly distributions paid or payable for the year ended 30 June 2024	2,243,487	-
Monthly distributions paid or payable for the year ended 30 June 2023	-	1,649,253
	2,243,487	1,649,253

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Fund during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

Likely developments and expected results of operations
The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the Fund Constitution and Product Disclosure Statement (PDS). It will also continue to seek to maximise the financial returns in order to meet the Target Distribution Rate and minimise potential adverse effects on the financial performance of the Fund.

Responsible Entity fees
Fees paid to the responsible entity and its associates out of fund property during the year are disclosed in note 19 to the financial statements.

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

Interests in the Fund
The movement in units on issue in the fund during the year is disclosed in note 14 to the financial statements.

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

Indemnity and insurance of officers
During the financial year, the Responsible Entity paid a premium in respect of a contract to insure the directors and executives of the Responsible Entity 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 Fund has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Fund or any related entity against a liability incurred by the auditor.

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

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

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

On behalf of the directors

Mark Charles Dougherty
Chairman

30 September 2024

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Westlawn Income Fund for the year ended 30 June 2024, 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.

R. Watkinson

R A Watkinson
Partner

Robina, Queensland
30 September 2024

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Westlawn Income Fund
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Westlawn Income Fund
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	2024 $	2023 $
Income			
Interest income	4	3,664,700	2,686,016
Non interest income	5	26,301	17,151
Total income		3,691,001	2,703,167
Expenses			
Compliance expenses		(52,036)	(59,995)
Custody fees		(12,929)	(27,125)
Investment manager fees		(372,117)	(314,831)
Other expenses		(34,526)	(87,885)
PDS expenses		(20,960)	(7,216)
Performance Fees		(520,424)	(184,795)
Remuneration of auditors	16	(27,600)	(28,638)
Registry expenses		(34,805)	(28,598)
Responsible entity fees		(372,117)	(314,831)
Total expenses		(1,447,514)	(1,053,914)
Net profit attributable to Unitholders (before finance costs)		2,243,487	1,649,253
Distributions to Unitholders paid/payable	13	(2,243,487)	(1,649,253)
Profit for the year attributable to the Unitholders of Westlawn Income Fund		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year attributable to the Unitholders of Westlawn Income Fund		-	-

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

Westlawn Income Fund
Statement of financial position
As at 30 June 2024

	Note	2024 $	2023 $
Assets			
Cash and cash equivalents	6	6,426,154	12,074,520
Trade and other receivables	7	41,712	33,772
Other	8	52,141	38,801
Loans and advances at amortised cost	9	11,603,010	15,280,795
Other financial assets	10	22,280,620	10,700,000
Total assets		40,403,637	38,127,888
Liabilities			
Trade and other payables	11	2,760,924	1,219,175
Total liabilities		2,760,924	1,219,175
Net assets attributable to Unitholders (Liability)	12,14	37,642,713	36,908,713

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

Westlawn Income Fund
Statement of changes in equity
For the year ended 30 June 2024

The Fund's net assets attributable to Unitholders are classified under AASB 132 Financial Instruments: Presentation as a liability rather than equity.

As the Fund has no equity, there are no items included in the Statement of Changes in Equity for the period.

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

Westlawn Income Fund
Statement of cash flows
For the year ended 30 June 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Interest received		3,651,360	2,673,223
Other income		26,300	17,167
Payments for other expenses		(768,204)	(874,924)
Net cash from operating activities	21	2,909,456	1,815,466
Cash flows from investing activities			
Payments for investments		(28,768,720)	(6,700,000)
Net loans (funded)/repaid		3,677,785	(2,846,903)
Proceeds from disposal of investments		17,188,100	-
Net cash used in investing activities		(7,902,835)	(9,546,903)
Cash flows from financing activities			
Proceeds from applications	11,14	15,105,700	15,258,000
Payments for redemptions	14	(13,554,000)	(4,870,000)
Distributions paid		(2,206,687)	(1,566,763)
Net cash from/(used in) financing activities		(654,987)	8,821,237
Net increase/(decrease) in cash and cash equivalents		(5,648,366)	1,089,800
Cash and cash equivalents at the beginning of the financial year		12,074,520	10,984,720
Cash and cash equivalents at the end of the financial year	6	6,426,154	12,074,520

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

Note 1. General information

The financial statements cover Westlawn Income Fund (the Fund) as an individual reporting entity. The financial statements are presented in Australian dollars, which is the Fund's functional and presentation currency.

The Fund is constituted by deed (the Constitution) dated 12 March 2020, as amended. The Fund issued its first Product Disclosure Statement (PDS) on 4 December 2020 at which time it commenced operations.

The Fund is domiciled and registered in Australia.

The Responsible Entity of the Fund is Westlawn Financial Services Limited ('Responsible Entity'), which has its registered office and principal place of business at:

22 Queen Street, Grafton NSW 2460

A description of the nature of the Fund'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 September 2024. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the Fund are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Fund 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.

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 Fund'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.

Income recognition

The Fund recognises income as follows:

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

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

Income tax

Under current Australian income tax legislation, the net income derived (for taxation purposes) by the Fund is not subject to taxation provided it is fully distributed to investors either by way of cash or reinvestment to investors. This means the Fund will not be liable for income tax whilst all distributions are made to investors. Income distributed to investors will generally form part of their assessable income.

Note 2. Material accounting policy information (continued)

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

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 Fund 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, its 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.

Impairment of financial assets
The Fund 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 Fund'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 at amortised cost
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.

Impairment of loans and advances

The Fund 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.

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

Stage 1: 12-months ECL
The Fund 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 Fund 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 Fund 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.

Note 2. Material accounting policy information (continued)

Stage 2: Lifetime ECL – not credit impaired
The Fund 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 Fund recognises as a collective provision a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset). Similar to Stage 1, the Fund 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 Fund 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 Fund 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 Fund 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 Fund 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 Fund has an internally developed credit rating scale derived from historical default data to assess the potential default risk in lending. The Fund has pre-defined counterparty probabilities of default across 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 Fund 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 Fund 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 Fund considers both quantitative and qualitative information and analysis based on the Fund'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).

Trade and other payables
These amounts represent liabilities for goods and services provided to the Fund 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.

Distributions paid/payable
In accordance with the Fund's Constitution, the Fund fully distributes its distributable income to Unitholders. Distributions are paid monthly, generally within 14 days following the end of each month based on the advertised Target Distribution Rate. Distributions to Unitholders are recognised in the Statement of Profit or Loss and Other Comprehensive Income as finance costs.

Note 2. Material accounting policy information (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.

Goods and Services Tax ('GST') and other similar taxes
Income, 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 Fund for the annual reporting period ended 30 June 2024. The Fund 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, income 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 and historical collection rates.

Note 4. Interest income

	2024	**2023**
	$	**$**
Mortgage loans	1,169,954	1,633,339
Bank accounts	314,792	103,228
Other financial assets	2,179,954	949,449
	3,664,700	2,686,016

Note 5. Non interest income

	2024	**2023**
	$	**$**
Other fees	26,301	17,151

Note 6. Cash and cash equivalents

	2024 $	2023 $
Cash at bank	6,426,154	12,074,520

Note 7. Trade and other receivables

	2024 $	2023 $
GST receivable	41,712	33,772

Note 8. Other

	2024 $	2023 $
Accrued revenue	52,141	38,801

Note 9. Loans and advances at amortised cost

	2024 $	2023 $
Mortgage loans	11,603,010	15,280,795

Note 10. Other financial assets

	2024 $	2023 $
Other investments - at amortised cost	22,280,620	10,700,000

Note 11. Trade and other payables

	2024 $	2023 $
Trade payables	1,014,912	327,663
Unitholder funds not yet issued	1,527,700	710,000
Distribution payable	218,312	181,512
	2,760,924	1,219,175

Refer to note 15 for further information on financial instruments.

Unitholder funds not yet issued represents funds received from Unitholders for which the Units are yet to be issued. Generally these units are issued on the first day of the following month subject to a fully completed application form being received.

Note 12. Unitholders funds

Net assets attributable to Unitholders (liability) are represented by the following Classes of Units issued by the Fund:

Note 12. Unitholders funds (continued)

	2024 $	2023 $
Class 6M	560,000	1,500,000
Class 12M	6,813,000	1,719,000
Class 24M	22,919,713	25,964,713
Wholesale 2M	-	4,000,000
Subordinated	7,350,000	3,725,000
	37,642,713	36,908,713

The Fund is an unlisted managed investment scheme structured as a unit trust with the ability to issue multiple classes of Units. The Fund operates as a non-liquid pooled managed investment scheme.

Each investor, regardless of the Class of Units held, have a proportionate beneficial interest, along with all other investors, in the assets of the Fund.

Each Class of Units will have a specified Investment Term and Target Distribution Rate.

Note 13. Distributions

Distributions paid/payable during the financial year were as follows:

	2024 $	2023 $
Monthly distributions paid or payable for the year ended 30 June 2024	2,243,487	-
Monthly distributions paid or payable for the year ended 30 June 2023	-	1,649,253
	2,243,487	1,649,253

Note 14. Net assets attributable to Unitholders (Liability)

Movements in the number of units and net assets attributable to Unitholders (liability) during the current financial year are set out below:

	2024 Units	2023 Units	2024 $	2023 $
Net assets attributable to Unitholders (Liability) at the beginning of the financial year	36,908,713	26,405,713	36,908,713	26,405,713
Applications	14,288,000	15,373,000	14,288,000	15,373,000
Redemptions	(13,554,000)	(4,870,000)	(13,554,000)	(4,870,000)
Net assets attributable to Unitholders (Liability) at the end of the financial year	37,642,713	36,908,713	37,642,713	36,908,713

Each Class of Units has a specified Investment Term and Unit holders do not have the right to withdraw their investment during the term of that Class. Investors will only be able to withdraw their investment at the end of their Class' investment term subject to accepting a withdrawal offer in the time frame required and sufficient funds being available to meet the withdrawals.

Capital risk management
The Fund considers its net assets attributable to Unitholders (liability) as capital. The amount of net assets attributable to Unitholders (liability) can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of Unitholders. Net assets attributable to Unitholders (Liability) are representative of the expected cash outflows on redemption.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. In accordance with the provisions of the Fund constitution, the Responsible Entity has the discretion to reject an application for Units and is not obliged to make any withdrawal offers to Unitholders at the end of their applicable Investment Terms and may also cancel any existing withdrawal offers by notice.

Note 14. Net assets attributable to Unitholders (Liability) (continued)

The capital risk management policy remains unchanged from the 2023 Annual Report.

Note 15. Financial instruments

Financial risk management objectives
The Fund's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The Fund's overall risk management program focuses on ensuring compliance with the Fund constitution. It also seeks to maximise the financial returns and minimise potential adverse effects on the financial performance of the Fund.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ageing analysis for credit risk.

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

The total of each category of financial instrument measured in accordance with AASB 9 as detailed in the accounting policies to the financial statements are as follows:

	2024 $	2023 $
Financial assets		
Cash and cash equivalents	6,426,154	12,074,520
Other receivables	41,712	33,772
Accrued revenue	52,141	38,801
Loans and advances at amortised cost	11,603,010	15,280,795
Other financial assets	22,280,620	10,700,000
Total financial assets	40,403,637	38,127,888
Financial liabilities		
Trade payables	1,014,912	327,663
Distribution payable	218,312	181,512
Unitholder funds not yet issued	1,527,700	710,000
Total financial liabilities	2,760,924	1,219,175

Market risk

Foreign currency risk
The Fund is not exposed to any foreign currency risk.

Price risk
The Fund is not exposed to any significant price risk.

Interest rate risk
Interest rate risk refers to the risk that the future cash flow of a financial instrument may fluctuate because of changes in market interest rates.

The Fund’s loan portfolio is exposed to this risk where they are variable rate loans. However there is likely to be no impact on the net profit of the Fund as any increase or decrease in earnings is absorbed by a corresponding increase or decrease in the performance fee paid to the Investment Manager. This risk can also be managed by adjusting the Target Distribution Rate that is paid to Unitholders.

Note 15. Financial instruments (continued)

As at the reporting date, the Fund had the following variable rate financial assets and liabilities:

	2024		2023	
	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Cash and cash equivalents	4.10%	6,426,154	3.85%	12,074,520
Mortgage loans	9.36%	11,603,010	9.25%	15,280,795
Other financial assets	13.87%	22,280,620	12.45%	10,700,000
Net exposure to cash flow interest rate risk		40,309,784		38,055,315

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

Interest rate sensitivity analysis

A reasonably possible change (capped at 0% with no reflection of a negative interest rate) in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below.

This analysis assumes any increase in revenue resulting from an increase in interest rates will be wholly offset by an increase in the distribution payable to Unitholders and/or an increase in the performance fees paid to Investment Manager. The same methodology is assumed for a decrease in revenue resulting from a reduction in interest rates.

	Basis points increase			Basis points decrease		
2024	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Financial assets						
Cash and cash equivalents	50	32,131	32,131	(50)	(32,131)	(32,131)
Loans and advances	50	53,140	53,140	(50)	(53,140)	(53,140)
Other financial assets	50	111,403	111,403	(50)	(111,403)	(111,403)
Financial liabilities						
Accrued distribution and other payables	50	(196,674)	(196,674)	(50)	196,674	196,674
Total increase (decrease)		-	-		-	-

	Basis points increase			Basis points decrease		
2023	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Financial assets						
Cash and cash equivalents	50	60,373	60,373	(50)	(60,373)	(60,373)
Loans and advances	50	69,040	69,040	(50)	(69,040)	(69,040)
Other financial assets	50	53,500	53,500	(50)	(53,500)	(53,500)
Financial liabilities						
Accrued distribution and other payables	50	(182,913)	(182,913)	(50)	182,913	182,913
Total increase (decrease)		-	-		-	-

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

Note 15. Financial instruments (continued)

Credit risk
Credit risk primarily 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 Fund as they fall due.

The Fund has a strict lending policy, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Fund takes security and obtains guarantees where appropriate to mitigate credit risk.

The maximum exposure to credit risk at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements (refer in particular to note 9 'Loans and advances at amortised cost').

The Fund 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 Fund based on recent sales experience, historical collection rates and forward-looking information that is available. The Fund utilises the services of a an Investment Manager (Westlawn Finance Limited) and has relied on information available to that entity in order to assess expected credit losses.

Cash and cash equivalents

The Fund had cash and cash equivalents of $6,426,154 as at 30 June 2024 (2023: $12,074,520). These amounts are held with Australian banks and financial institutions which are rated AA- by Standard & Poor's. The Fund considers that its cash and cash equivalents have very low credit risk based on the external ratings of the counterparties.

Loans and advances

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

Portfolio diversification measures the level of concentration risk in the portfolio of mortgages held by the scheme. Greater levels of diversification of mortgages by borrower, size, activity and geographical location, lowers the risk that the scheme would suffer significant loss from default by any one borrower or class of borrowers.

Until the Fund’s Loan portfolio reaches $100 million, there will be no limitation on the size of any single Loan transaction by the Fund as a percentage of the total value of its Loan portfolio nor on the aggregate exposure of the Fund to a single Borrower. Upon the total value of the Loan portfolio reaching $100 million, the Fund’s policy on diversification of assets is to ensure that the adverse impact of a default arising from one Loan will not have an unduly detrimental effect on the entire Loan portfolio and for the Fund to hold a well-balanced portfolio of Loans.

An analysis of the loan portfolio by class of activity, geographic region and security type is set out below:

	2024 $	2023 $
Class of activity		
Property development	5,547,741	9,816,765
Commercial	6,055,269	5,464,030
	11,603,010	15,280,795

	2024 $	2023 $
Loan portfolio by geographic region		
NSW	11,603,010	14,011,733
Queensland	-	1,269,062
	11,603,010	15,280,795

Note 15. Financial instruments (continued)

	2024 $	2023 $
Loan portfolio by security type		
Registered first mortgage - development loans	2,668,578	9,816,765
Registered first mortgage - non development loans	7,959,440	3,991,138
Goods Mortgage	974,992	1,472,892
	11,603,010	15,280,795

Allowance for expected credit losses (ECL)
The Fund does not have any loans that are in arrears or that are impaired. Accordingly it does not have any allowance for expected credit losses.

Liquidity risk
Vigilant liquidity risk management requires the Fund to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

Liquidity is the measure of cash and cash equivalent assets as a proportion of a scheme's total assets and is an indicator of the ability of a mortgage fund to meet its short-term commitments. Liquidity of a Fund may be viewed as a risk as the underlying assets of a Fund may not be easily realised within the period of time required to meet withdrawal requests or other commitments or expenses.

The Fund's liquidity is managed by paying distributions from interest or payments received from Loans, proceeds received from the repayment of such Loans and new application funds, not borrowing on behalf of the Fund, maintaining a cash flow forecast for the Fund to assist, monitor and budget for cash inflows and outflows, issuing Subordinated Units and only enabling investors to withdraw at the end of each Class' investment term.

The Fund aims to issue Subordinated Units to related parties or associates from time to time in order to equal at least 1% of the aggregate Issue Price of all issued Units. The issue of Subordinated Units is a mechanism used by the Responsible Entity to facilitate the redemption of Units at the end of their applicable investment term for not less than the Issue Price per Unit (being the price of each Unit at the time of issue) to be redeemed.

The Fund also has the benefit of a letter of financial support from the ultimate shareholders of the Responsible Entity (namely, COG Financial Services Limited and Westlawn Holdings Pty Ltd in their respective proportions) that commits those parties to provide sufficient financial support that may be necessary to enable the Fund to meet its financial commitments as and when they fall due.

Remaining contractual maturities
The following tables detail the Fund'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.

2024	Weighted average interest rate %	Less than 1 month $	1 to 3 months $	4 to 12 months $	1 to 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,014,912	-	-	-	1,014,912
Distribution payable	-	218,312	-	-	-	218,312
Unitholder funds not yet issued	-	1,527,700	-	-	-	1,527,700
Net assets attributable to Unitholders	-	975,000	1,067,000	17,460,713	18,140,000	37,642,713
Total non-derivatives		3,735,924	1,067,000	17,460,713	18,140,000	40,403,637

Note 15. Financial instruments (continued)

2023	Weighted average interest rate %	Less than 1 month $	1 to 3 months $	4 to 12 months $	1 to 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	327,663	-	-	-	327,663
Distribution payable	-	181,512	-	-	-	181,512
Unitholder funds not yet issued	-	710,000	-	-	-	710,000
Net assets attributable to Unitholders	-	5,340,000	5,187,000	16,977,000	9,404,713	36,908,713
Total non-derivatives		6,559,175	5,187,000	16,977,000	9,404,713	38,127,888

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 16. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by HLB Mann Assurance GCNC Pty Ltd, the auditor of the Fund:

	2024 $	**2023 $**
Audit services - HLB Mann Assurance GCNC Pty Ltd		
Audit of the financial statements	22,500	18,000
Other services - HLB Mann Assurance GCNC Pty Ltd		
Other assurance services	5,100	10,638
	27,600	28,638

Note 17. Contingent liabilities

There are no contingent liabilities as at 30 June 2024.

Note 18. Key management personnel disclosures

The Directors of Westlawn Financial Services Limited, the Responsible Entity of the Fund, are considered to be Key Management Personnel with the authority for the strategic direction and management of the Fund.

Refer to note 19 'Related party transactions' for additional information.

Note 19. Related party transactions

Responsible Entity
Westlawn Financial Services Limited is the Responsible Entity of the Fund.

Investment Manager
Westlawn Finance Limited is the Investment Manager of the Fund and is also the parent entity of the Responsible Entity.

Key management personnel
Disclosures relating to key management personnel are set out in note 18.

Note 19. Related party transactions (continued)

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

	2024 $	2023 $
Payment for other expenses:		
Management fees paid to the Responsible Entity (including key management personnel services)	372,117	314,831
Reimbursement of expenses paid to the Responsible Entity	106,330	180,443
Investment management fees paid to the Investment Manager	372,117	314,831
Performance fees paid to the Investment Manager	520,424	184,795
Other transactions:		
Investment in Westlawn Warehouse Trust No. 1	7,431,100	3,100,000

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2024 $	2023 $
Payables:		
Management fees payable to the Responsible Entity	35,625	34,138
Trustee fees payable to the Responsible Entity	1,981	19,001
Investment management & performance fees payable to the Investment Manager	946,424	235,674

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
In accordance with the provisions of the Fund constitution, a management fee of 1.1% per annum of net assets is paid to the Responsible Entity and certain expenses are reimbursed. All transactions were made on normal commercial terms and conditions.

Note 20. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

Note 21. Reconciliation of profit to net cash from operating activities

	2024 $	2023 $
Profit for the year	-	-
Adjustments for:		
Distribution to Unitholders paid/payable	2,243,487	1,649,253
Change in operating assets and liabilities:		
Increase in trade and other receivables	(7,940)	(26,791)
Increase in accrued revenue	(13,340)	(12,791)
Increase in trade and other payables	687,249	205,795
Net cash from operating activities	2,909,456	1,815,466

Westlawn Income Fund
Directors' declaration
30 June 2024

In the opinion of director's of Westlawn Financial Services Limited, the Responsible Entity of Westlawn Income Fund:

- 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 Fund's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors of Westlawn Financial Services Limited made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Mark Charles Dougherty
Chairman

30 September 2024

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Westlawn Income Fund

Report on the audit of the financial report

Opinion

We have audited the financial report of Westlawn Income Fund ("the Scheme") which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the directors' declaration.

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

a) giving a true and fair view of the Scheme's financial position as at 30 June 2024 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 Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

The directors of Westlawn Financial Services Limited (the "Responsible Entity") are responsible for the other information. The other information comprises the information included in the Scheme's director's report for the year ended 30 June 2024.

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 Responsible Entity 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 of the Responsible Entity are responsible for assessing the ability of the Scheme 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 of the Responsible Entity either intend to liquidate the Scheme 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 Scheme'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 Scheme'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 Scheme 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.

HLB Mann Judd

HLB Mann Judd Assurance GCNC Pty Ltd
Chartered Accountants

R A Watkinson
Partner

Robina, Queensland
30 September 2024