Peter Warren Automotive Holdings

PWA Holdings One Pty Limited (to be converted to a public company and renamed Peter Warren Automotive Holdings Limited)

ACN 615 674 185

Half year report for the period ended 31 December 2020

PWA Holdings One Pty Limited
Contents
Half year report for period ended 31 December 2020

PWA Holdings One Pty Limited
Directors' report
Half year report for period ended 31 December 2020

The directors submit herewith the half-year financial report of PWA Holdings One Pty Limited (the "Company") and its controlled entities (the "Group") for the half-year ended 31 December 2020. PWA Holdings One Pty Limited is to be converted into a public company and renamed Peter Warren Automotive Holdings Limited.
The directors report as follows:

Directors
The names of the directors of the Company during and since the end of the period are:

- Paul H Warren
- Bernard Friend
- Jonathan M Pearce

Principal activities
The principal activities of the Group during the financial period were the sale of new and used motor vehicles, related spare parts inventory and trade related services. There have been no significant changes in the nature of the Group's principal activities during the financial period.

Dividends
During the period, a dividend amounting to $266,000 was declared to the shareholders (30 June 2020: none).

Review of operations and financial results

A review of the operations of the Group during the financial period and the results of those operations found that the Group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements. The profit for the Group for the 6 month period ended 31 December 2020 after providing for income tax amounted to $21,075,000 (6 month period ended 31 December 2019: loss $2,736,000). The Group experienced a rebound of new vehicle sales shared across its portfolio of brands following the COVID-19 period. In addition, management's strategic focus on used cars continued to support growth in overall revenues. A strategy developed during COVID-19, to further centralise activities and rationalise the Group's cost base took effect in the period leading to a stronger overall performance.

The Group received jobkeeper government grants totalling $13,850,000 in the period associated with the ongoing COVID-19 pandemic. These grants ceased effective 30 September 2020. Subsequent to the period end, the board determined to voluntarily repay $13,315,000 of jobkeeper grants to the ATO. This amount will be recorded in the second half of the FY2021.

A summary of the results for the period is as follows:

	6 months ended 31 December 2020 $'000	6 months ended 31 December 2019 $'000
Revenue	745,862	698,221
Total comprehensive income/(loss) for the period	21,075	(2,736)
Add back:		
Income tax expense/(benefit)	9,150	(1,137)
Depreciation and amortisation expense	12,420	12,623
Finance costs	12,972	14,840
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	55,617	23,590

Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the Group during the financial period.

Likely developments and expected results of operations

Impact of COVID-19
As at the date these financial statements are authorised for issue, the directors of the Group have assessed that there is currently no material financial impact of the COVID-19 pandemic on the Group's financial position and results.

The extent of the future impact of the COVID-19 pandemic on the Group's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the timing and impact of proposed vaccination programs, regulations imposed by governments with respect to the outbreaks response, and the impact on customers, employees and vendors all of which are uncertain and cannot be predicted at this time.

Given the inherent unpredictability associated with the COVID-19 pandemic outbreak and any further contingency measures that may be put in place by the relevant governments and corporate entities combined with customer behaviours, the actual financial impact of the COVID-19 pandemic outbreak, if any, on the Group could be significantly different from the current status assessment disclosed above depending on how the situation evolves.

Other than these developments, the Group expects to continue its principal activities for the foreseeable future.

Matters subsequent to the end of the financial period

The Group is in the process of preparing for an Initial Public Offering (IPO) on the Australia Securities Exchange (ASX). The IPO is expected to complete in the first half of the 2021 calendar year.

On 8 February 2021, the Group voluntarily repaid $13,315,000 of Jobkeeper receipts to the ATO . This will be recorded in the second half of FY2021.

There has not been any other matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Environmental regulation
The Group is not subject to any significant environmental regulation under a law of Commonwealth or State within the geographical locations the Group operates in.

Shares under option
There were no unissued ordinary shares of the parent company under option outstanding at the date of this report.

Indemnity and insurance of officers
During the financial period, the Group has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by the Group or a controlled entity, other than conduct involving a wilful breach of duty in relation to the Group or a controlled entity. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the Group or of any related body corporate against a liability incurred as such an officer.

Indemnity and insurance of auditor
The Group has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

PWA Holdings One Pty Limited
Directors' report
Half year report for period ended 31 December 2020

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 Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Rounding of amounts

The Group is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration is included on page 4 of the half year financial report.

This report is made in accordance with a resolution of directors.

On behalf of the directors

Paul H Warren
Director

12 March 2021

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The Board of Directors
PWA Holdings One Pty Limited
13 Hume Highway
Warwick Farm
NSW, 2170

12 March 2021

Dear Directors

Auditor's Independence Declaration to PWA Holdings One Pty Limited

In accordance with the independence requirements of the professional accounting bodies in Australia, I am pleased to provide the following declaration of independence to the directors of PWA Holdings One Pty Limited.

As lead audit partner for the review of the financial statements of PWA Holdings One Pty Limited and its controlled entities for the half year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the professional accounting bodies in Australia in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants

Deloitte.

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Independent Auditor's Review Report to the members of PWA One Holdings Pty Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of PWA Holdings One Pty Limited (the "Company") and its subsidiaries (the "Group"), which comprises the Condensed Consolidated Statement of Financial Position as at 31 December 2020 and the Condensed Consolidated Statement of Profit or Loss and other comprehensive income, the Condensed Consolidated Statement of Cash Flows and the Condensed Consolidated Statement of Changes in Equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages [8] to [28].

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of PWA Holdings One Pty Limited is not in compliance with Accounting Standard *AASB 134 Interim Financial Reporting.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report does not comply with Accounting Standard *AASB 134 Interim Financial Reporting*.

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

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the professional accounting bodies in Australia in relation to the review. We confirm that the independence declaration, which has been given to the directors of PWA Holdings One Pty Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Michael Kaplan
Partner
Chartered Accountants
Sydney, 12 March 2021

PWA Holdings One Pty Limited
Directors' Declaration
Half year report for period ended 31 December 2020

The directors of PWA Holdings One Pty Limited declare that, in their opinion:

(a) there are reasonable grounds to believe that PWA Holdings One Pty Limited will be able to pay its debts as and when they become due and payable;

(b) the attached condensed consolidated financial statements and notes of PWA Holdings One Pty Limited and its controlled entities for the half-year ended 31 December 2020 comply with Accounting Standard AASB 134 *Interim Financial Reporting*.

Signed in accordance with a resolution of the Directors

Paul H Warren
Director
12 March 2021

PWA Holdings One Pty Limited
Condensed consolidated statement of profit or loss and other comprehensive income
For the 6 month period ended 31 December 2020

	Note	Half Year 31 Dec 2020 $'000	Half Year 31 Dec 2019 $'000
Revenue	5	745,862	698,221
Other income	6	17,705	3,080
Expenses			
Changes in inventories		(7,734)	(3,892)
Raw materials and consumables purchased		(609,349)	(584,283)
Employee benefit expenses	7	(67,394)	(63,978)
Depreciation and amortisation expense	7	(12,420)	(12,623)
Loss on sale of assets		(3)	-
Occupancy costs	7	(240)	(245)
Marketing expenses		(3,046)	(5,620)
Insurance expenses		(3,028)	(1,960)
Motor vehicle expenses		(2,947)	(4,011)
Other expenses		(14,209)	(13,721)
Finance costs	7	(12,972)	(14,840)
Profit / (loss) before income tax (expense) / benefit	7	30,225	(3,873)
Income tax (expense) / benefit		(9,150)	1,137
Profit / (loss) after income tax (expense)/benefit for the period		21,075	(2,736)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income / (loss) for the period		21,075	(2,736)
Profit/(loss) for the year is attributable to:			
Non-controlling interest		-	-
Owners of PWA Holdings One Pty Limited		21,075	(2,736)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		-	-
Owners of PWA Holdings One Pty Limited		21,075	(2,736)
Earnings per share		**Cents**	**Cents**
Basic	21	7.70	(0.99)
Diluted	21	7.66	(0.99)

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

PWA Holdings One Pty Limited
Condensed Consolidated statement of financial position
As at 31 December 2020

Assets	Note	31 Dec 20 $'000	30 Jun 20 $'000
Current assets			
Cash and cash equivalents		99,634	76,313
Trade and other receivables	8	43,682	63,418
Inventories	9	209,328	217,062
Total current assets		352,644	356,793
Non-current assets			
Property, plant and equipment	10	25,652	25,000
Financial assets		105	354
Right-of-use assets	11	194,275	204,196
Intangibles	12	140,121	140,121
Deferred tax assets	20	18,527	17,581
Total non-current assets		378,680	387,252
Total assets		731,324	744,045
Liabilities			
Current liabilities			
Trade and other payables	13	48,799	55,882
Income tax payable		8,932	4,476
Contract liabilities	14	457	507
Lease liabilities	15	14,782	14,482
Employee benefits provision		14,662	14,020
Borrowings	16	177,361	204,770
Total current liabilities		264,993	294,137
Non-current liabilities			
Contract liabilities	14	2,453	2,054
Lease liabilities	15	220,053	228,048
Employee benefits provision		994	1,278
Borrowings	16	92,479	88,222
Provisions		330	330
Total non-current liabilities		316,309	319,932
Total liabilities		581,302	614,069
Net assets		150,022	129,976
Equity			
Issued capital	17	162,221	163,471
Retained earnings		38,621	17,812
Other reserves	18	(50,820)	(51,307)
Total equity		150,022	129,976

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

PWA Holdings One Pty Limited
Condensed consolidated statement of changes in equity
For the 6 month period ended 31 December 2020

	Issued capital	Retained earnings	Other reserves	Total Equity
Consolidated	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2019	163,471	8,904	(51,307)	121,068
Loss after income tax benefit for the period	-	(2,736)	-	(2,736)
Other comprehensive income for the period, net of tax	-	-	-	-
Balance at 31 December 2019	163,471	6,168	(51,307)	118,332

	Issued capital	Retained earnings	Other reserves	Total Equity
Consolidated	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2020	163,471	17,812	(51,307)	129,976
Treasury capital	(1,250)	-	-	(1,250)
Share based payments	-	-	487	487
Dividend declared	-	(266)	-	(266)
Profit after income tax benefit for the period	-	21,075		21,075
Other comprehensive income for the period, net of tax	-	-	-	-
Balance at 31 December 2020	162,221	38,621	(50,820)	150,022

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

PWA Holdings One Pty Limited
Condensed Consolidated Statement of Cash flows
For the 6 month period ended 31 December 2020

	Half Year 31 Dec 2020 $'000	Half Year 31 Dec 2019 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	844,215	800,306
Receipts from government grants	13,850	-
Payments to suppliers and employees (inclusive of GST)	(780,945)	(760,750)
	77,120	39,556
Interest received	62	-
Interest paid	(8,717)	(10,726)
Income taxes paid	(5,640)	(3,003)
Net cash from operating activities	62,825	25,827
Cash flows from investing activities		
Loan payment to key management personnel	(1,250)	-
Payments for plant and equipment	(3,094)	(2,929)
Net cash used in investing activities	(4,344)	(2,929)
Cash flows from financing activities		
Repayment of related party borrowings	-	(8,454)
Repayment of borrowings	(27,409)	(19,656)
Repayment of lease liabilities	(7,751)	(6,314)
Net cash used in financing activities	(35,160)	(34,424)
Net increase/(decrease) in cash and cash equivalents	23,321	(11,526)
Cash and cash equivalents at the beginning of the financial period	76,313	27,434
Cash and cash equivalents at the end of the financial period	99,634	15,908

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

Note 1. General information

PWA Holdings One Pty Limited (the 'Company') is incorporated in Australia and currently operates in Australia. The financial statements are presented in Australian dollars, which is PWA Holdings One Pty Limited's functional and presentation currency.

PWA Holdings One Pty Limited is a for profit entity. Its registered office and principal place of business is 13 Hume Highway Warwick Farm, NSW, 2170.

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

The half year financial statements were authorised for issue, in accordance with a resolution of directors, on 12 March 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 periods presented, unless otherwise stated.

Basis of preparation

This general-purpose financial report for the half-year ended 31 December 2020 has been prepared in accordance with Accounting Standard *AASB 134 Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting.*

The condensed consolidated financial statements have been prepared on the basis of historical costs. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

Transition to Australian Accounting Standards

This is the first financial report the Company has prepared which is a general-purpose financial report. As a result, the Company has been required to apply Accounting Standard *AASB 1 First-time Adoption of Australian Accounting Standards*, with 1 July 2019 as the date of transition. The Australian Accounting Standards effective at 30 June 2021 have been applied to all periods presented in these financial statements.

As the Company has historically prepared its financial statements in accordance with the recognition and measurement principles of Australian Accounting Standards, the application of AASB 1 has not resulted in any impact on the amounts reported from the date of transition on 1 July 2019 to 31 December 2020. As such, no reconciliations have been prepared to demonstrate the impact of transition to Australian Accounting Standards.

As this is the first financial report the Company has prepared which is a general-purpose financial report, summarised below is an overview of the significant accounting policies adopted in the preparation and presentation of the financial report. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New or amended Accounting Standards and Interpretations adopted

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

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 Company for the annual reporting period ended 31 December 2020. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations is on-going.

Note 2. Significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the PWA Group and entities controlled by the Company referred to as ('the Group') in these financial statements. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity (in other reserves) and attributed to owners of the Group.

Revenue recognition

<u>Revenue from contracts with customers</u>

Revenue is measured at the fair value of consideration receivable, net of any discounts, rebates and incentives. It is recognised to the extent that the transfer of promised goods or services to a customer has been satisfied and the revenue can be reliably measured.

<u>New, demonstrator and used vehicles</u>

Revenue from the sale of motor vehicles is recognised when the obligation to transfer the goods to the customer has been satisfied, which is generally at the time of delivery of the vehicle.

<u>Parts and services</u>

Revenue from the sale of parts is recognised at the point in time when the buyer obtains control of the goods, which is generally at the time of delivery of the goods. Revenue from the rendering of services to the customer is considered to have been satisfied over the period of time the service has been undertaken.

<u>Aftermarket accessories and other revenue</u>

Aftermarket accessories relate to items fitted at the dealership and include products such as window tinting, mud flaps and paint protection. Aftermarket accessories and other revenue are recognised at the point in time when they are delivered to the customer.

Note 2. Significant accounting policies (continued)

Revenue recognition (continued)

Finance and insurance revenue

Where the Group acts as an agent on behalf of a principal in relation to finance, insurance and similar products, the associated commission income is recognised within revenue in the period in which the related finance or insurance product is sold and receipt of payment can be assured.

Interest

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

Other income

JobKeeper amounts have been recognised as government grants and recognised as other income once there is reasonable assurance the Group will comply with any conditions attached.

Commercial income and rebates

Volume related and vehicle specific bonuses and rebates are credited to the carrying value of inventory to which they relate. Once the inventory is sold, the amount is then recognised in profit or loss as part of cost of sales. Bonuses and rebates are recognised when the right to receive the rebate is established or when it is assessed as probable that the required threshold linked to the rebate will be achieved.

Income tax

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. PWA Holdings One Pty Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Group (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Group and each member of the group in relation to the tax contribution amounts paid or payable between the head entity and the other members of the tax-consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

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 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.

Note 2. Significant accounting policies (continued)

Contract assets and liabilities
AASB 15 uses the terms 'contract asset' and 'contract liability' to describe what is commonly known as 'accrued revenue' and 'deferred revenue'. Contract receivables represent receivables in respect of which the Group's right to consideration is unconditional subject only to the passage of time. Contract receivables are non-derivative financial assets accounted for in accordance with the Group's accounting policy for non-derivative financial assets. Contract assets represent the Group's right to consideration for services provided to customers for which the Group's right remains conditional on something other than the passage of time. Contract liabilities arise where payment is received prior to work being performed. Contract assets and contract liabilities are recognised and measured in accordance with this accounting policy.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade 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 Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance.

Inventories
<u>New and demonstrator vehicles</u>
New and demonstrator vehicles are stated at the lower of cost and net realisable value. Costs are assigned on the basis of specific identification.

<u>Used vehicles</u>
Used vehicles are stated at the lower of cost and net realisable value on a unit-by-unit basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale .

<u>Spare parts and accessories</u>
Spare parts and accessories are stated at the lower of cost and net realisable value. Costs are assigned to individual items based on weighted average cost. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

<u>Other inventory</u>
Other inventory includes work in progress and are stated at cost. Costs are assigned to individual customers on the basis of specific identification. Cost includes labour incurred to date and consumables utilised during the service.

Note 2. Significant accounting policies (continued)

Financial assets
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 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, 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 Group recognises a lifetime loss allowance for expected credit losses (ECL) on receivables. The ECL on receivables is estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument

The Group writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Plant and equipment
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 to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant & equipment	3 – 15 years
Furniture & fittings	3 – 15 years
Motor vehicles	4 – 8 years
Leasehold Improvements	Over the shorter of the useful life or term of lease

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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 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.

Note 2. Significant accounting policies (continued)

Business Combinations
Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain. Goodwill arises on the acquisition of a business and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Impairment of non-financial assets
Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it 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 Group prior to the end of the financial period and which are unpaid.

Due to their short-term and long term nature they are either measured at amortised cost and are not discounted (short term), or recognised at the present value of the trade payments to be made over the credit term period, discounted using a market rate of interest (long term).

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 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.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 2. Significant accounting policies (continued)

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.

Loans and borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount and any consideration paid is recognised in profit or loss.

Vehicles secured under bailment plans are provided to the Group under bailment agreements with floorplan loan providers. The Group obtains title to the vehicles immediately prior to sale. Vehicles financed under bailment plans are recognised as inventory with the corresponding floorplan liability owing to the finance providers. Floorplan finance facilities are available for drawdown by specified dealerships on a vehicle by vehicle basis, with repayment as it relates to an individual vehicle required immediately after the vehicle is sold.

Finance costs

Finance costs are expensed in the period in which they are incurred.

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 as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the 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.

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.

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.

Government grants

Government grants, including Jobkeeper in the current period, are recognised in profit or loss on a gross basis as 'other income' over the period necessary to match them with the costs that they are intended to compensate.

Comparatives

Certain prior year amounts have been reclassified for consistency with current period presentation. This includes the transfer of $2,273,000 from 'other payables and accruals' to 'employee benefits provision'.

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 may 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.

Goodwill

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units (or groups 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. There have been no indications of impairment identified during the 6 month period ended 31 December 2020. Refer to note [12] for further detail.

Vehicle inventory valuation and provisioning

In determining the amount of write-downs required for demonstrator and used vehicle inventory, management makes judgements based on the expected net realisable value of that inventory based on historical experience and taking into account known market conditions such as current supply volumes and COVID 19. Refer to note [9] for further details of write down provisions.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances. Refer to note [15] for further details of options not included in the lease term.

COVID-19

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the goods and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

Note 4. Operating Segments

The Group's operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The directors have determined that there is only one operating segment identified and located in Australia, being motor vehicle retailing. The information reported to the CODM is the consolidated results of the Group. The segment results are therefore shown throughout these financial statements and not duplicated here.

Refer to note 5 for information on revenue from the Group's products and services.

Note 5. Revenue

	Half year 31 Dec 2020 $'000	Half year 31 Dec 2019 $'000
Disaggregation of revenue by type		
New and demonstrator vehicles	493,858	454,220
Used vehicles	119,135	113,744
Parts revenue	70,383	72,340
Service revenue	40,102	37,252
Finance and insurance	11,928	11,485
Aftermarket accessories	10,456	9,180
	745,862	698,221

Disaggregation of revenue

All revenue is generated in Australia and revenue is recognized at a point in time, except for service revenue which is recognized over time.

Major customers

There are no major customers for the Group representing more than 10% of the Group's revenue.

Note 6. Other income

	Half year 31 Dec 2020 $'000	Half year 31 Dec 2019 $'000
Other income	3,855	3,080
JobKeeper income	13,850	-
	17,705	3,080

Note 7. Expenses

	Half year 31 Dec 2020 $'000	Half year 31 Dec 2019 $'000
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation:		
Plant and equipment	2,445	2,626
Right-of-use assets	9,975	9,997
Total depreciation	12,420	12,623
Finance costs:		
Bailment interest	2,235	3,888
Interest and finance charges paid/payable on related party borrowings	4,256	4,114
Interest and finance charges paid/payable on lease liabilities	6,481	6,838
Finance costs expensed	12,972	14,840
Occupancy expenses:		
Short term lease payments	240	245
Occupancy costs expensed	240	245
Employee benefit expenses:		
Share based payments	487	-
Other employee benefits expenses(i)	66,907	63,978
	67,394	63,978

[i] Employee benefits expenses excludes service labour amounting to $9,517m [Half year ended 31 December 2019:$9,859m] which is included in raw materials and consumables purchased

Note 8. Trade and other receivables

	31 Dec 20 $'000	30 Jun 20 $'000
Trade and other receivables	43,999	63,803
Allowance for expected credit losses	(401)	(412)
Amount receivable from related parties	84	27
	43,682	63,418

Note 9. Inventories

	31 Dec 20 $'000	30 Jun 20 $'000
New and demonstrator vehicles	162,887	172,251
Demo write down provision	(6,134)	(5,822)
	156,753	166,429
Used vehicles	31,263	30,930
Used write down provision	(2,363)	(2,466)
	28,900	28,464
Spare parts and accessories	24,018	22,152
Spare parts write down provision	(1,283)	(753)
	22,735	21,399
Work in progress	228	132
Petrol, oils and grease	712	638
	209,328	217,062

Note 10. Non-current assets - plant and equipment

	31 Dec 20 $'000	30 Jun 20 $'000
Plant and equipment - at cost	64,384	61,176
Less: Accumulated depreciation	(39,953)	(37,485)
	24,431	23,691
Motor Vehicle - at cost	1,860	1,946
Less: Accumulated depreciation	(671)	(675)
	1,189	1,271
Leasehold improvements - at cost	486	485
Less: Accumulated depreciation	(454)	(447)
	32	38
	25,652	25,000

Note 11. Non-current assets - right-of-use assets

	31 Dec 20 $'000	30 Jun 20 $'000
Buildings - right-of-use	273,761	273,670
Less: Accumulated depreciation	(79,486)	(69,474)
	194,275	204,196

The Group leases buildings for its dealerships under agreements of between 1 to 10 years plus in the majority of instances options to extend generally representing 2x5 year periods. The Group have generally included at least 1x5 year option period in the initial lease term given the assessed reasonable certainty of renewal, as a result of significant capital expenditure incurred and general scarcity of appropriate alternative locations.

Note 12. Non-current assets - intangibles

	31 Dec 20 $'000	30 Jun 20 $'000
Goodwill	140,121	140,121

Goodwill acquired through business combinations is allocated to the aggregated group of cash generating units ('CGU'), being motor vehicle retailing which is the lowest level at which management monitors goodwill.

The recoverable amount of the Group's goodwill has been determined by value-in-use calculations ('VIU'). The calculations use cash flow projections based on the business plan approved by management, covering a four year period and applying an appropriate discount and terminal growth rate.

Impairment testing
Goodwill has not been subject to impairment testing in the current six month period as there have been no indications of impairment since 30 June 2020 when goodwill was last tested.

Impairment testing of the Group's goodwill and intangible assets was performed as at 30 June 2020. As part of this process, management reviewed the recoverability of the carrying value of intangible assets and concluded no impairment existed, nor any reasonable possible change in assumptions would lead to impairment.

Key assumptions
Key assumptions are those to which the recoverable amount of an asset or CGU is most sensitive. The following key assumptions were used in the VIU model as at 30 June 2020:

(b) Pre-tax discount rate: 13.3% (30 June 2019: 13%); and
(c) Terminal growth rate of 2.25% (30 June 2019: 2.25%) beyond four-year period; and
(d) New vehicle revenue growth of 2-3% (30 June 2019: 2%) for the forecast period

Note 13. Trade and other payables

	31 Dec 20 $'000	30 Jun 20 $'000
Trade payables	25,089	30,320
Other payables and accruals	21,693	20,411
GST payable	2,017	5,151
	48,799	55,882

Note 14. Contract liabilities

	31 Dec 20 $'000	30 Jun 20 $'000
Deferred service obligations - current	457	507
Deferred service obligations - non- current	2,453	2,054
	2,910	2,561

Note 15. Lease liabilities

	31 Dec 20 $'000	30 Jun 20 $'000
Current liabilities		
Hire purchase	-	45
Building premises	14,782	14,437
	14,782	14,482
Non - current liabilities		
Building premises	220,053	228,048
Total lease liability	234,835	242,530

The average incremental borrowing rate on building premises is 5% (30 June 2020: 5%).
The hire purchase liability is secured over the related hire purchase assets.

Maturity analysis
The following tables detail the maturity profile of the Group's lease liabilities based on contractual undiscounted payments:

	31 Dec 20	30 Jun 20
Less than one year	27,789	27,206
Between one and two years	57,334	56,919
Between two and five years	84,011	84,872
Greater than five years	145,776	159,409
	314,910	328,406

Note 16. Borrowings

	31 Dec 20 $'000	30 Jun 20 $'000
Current liabilities		
Bailment finance & EMA vehicle funding (i)	177,361	204,770
	177,361	204,770
Non - current liabilities		
Loans owed to related parties	92,479	88,222
Total borrowings	269,840	292,992

(i) Bailment finance & EMA vehicle funding are secured over the related assets (predominantly vehicle inventory) held by the Group. Refer to the 'borrowings' accounting policy for further details.

Note 17. Equity - issued capital

	31 Dec 20 Shares	30 Jun 20 Shares	31 Dec 20 $'000	30 June 20 $'000
Ordinary shares - fully paid	115,181,818	115,181,818	34,550	34,550
Class B shares	113,191,336	113,191,336	86,109	86,109
Class C shares	46,747,944	46,747,944	42,811	42,811
Class D shares	1	1	1	1
Treasury capital	-	-	(1,250)	-
	275,121,099	275,121,099	162,221	163,471

Ordinary shares
Changes to the then Corporations Law abolished the authorized capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Group does not have a limited amount of authorized capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and carry a right to dividends.
Fully paid Class B shares carry no voting rights, but a right to dividends.
Fully paid Class C shares carry no voting rights, but a right to dividends.
Fully paid Class D share carries neither voting rights nor rights to any dividend or capital return, other than a special dividend.

Treasury capital relates to secured share capital (Class C shares) associated with a limited recourse loan made during the period to a KMP (Refer to Note 22).

Note 18. Other reserves

	31 Dec 20 $'000	30 Jun 20 $'000
Business reorganisation reserve (i)	34,277	34,277
Transactions with exited non-controlling interests	17,030	17,030
Share based payments reserve	(487)	-
	50,820	51,307

(i)The business reorganisation reserve arises from the corporate reorganisation when PWA Holdings One Pty Limited became the parent entity on 18 November 2016.

Note 19. Fair value measurement

The carrying amounts of financial assets and financial liabilities approximate their fair values.

Note 20. Deferred tax

	31 Dec 20 $'000	30 Jun 20 $'000
Trade and other receivables	149	614
Trade and other payables	(27)	193
Work in progress	(70)	(42)
Right of use asset	(58,282)	(61,259)
Lease liability	70,654	72,746
Employee benefits	4,761	4,565
Contract liabilities	654	544
Allowance for expected credit losses	114	117
Property, plant and equipment	(25)	(51)
Provision for inventories	400	352
Tax losses	-	4
Other	199	(202)
Net deferred tax asset	18,527	17,581

Note 21. Earnings per share (EPS)

	Half year 31 Dec 2020	Half year 31 Dec 2019
Profit after tax attributable to the owners	21,075,000	(2,736,000)
	Number	**Number**
Weighted average number of shares – Basic EPS	273,871,099	275,121,099
Weighted average number of shares – Diluted EPS	275,121,099	275,121,099
	Cents	**Cents**
Basic EPS	7.70	(0.99)
Diluted EPS	7.66	(0.99)

As at 31 December 2020, there were no options over ordinary shares.

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of PWA One Holdings Pty Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 22. Related party transactions

Parent entity and subsidiaries.
PWA Holdings One Limited is the parent entity of the consolidated Group.

Set out below are the subsidiaries and ownership %:

Name of entity	31 Dec 20	30 Jun 20
PWA Holdings Two Pty Limited	100%	100%
PWA Holdings Three Pty Limited	100%	100%
Peter Warren Automotive Pty Limited	100%	100%
WP Automotive Pty Limited	100%	100%
North Shore Automotive Pty Limited	100%	100%
Sydney North Shore Automotive Pty Limited	100%	100%
Frizelle Investments Pty Limited	100%	100%
James Frizelle's Automotive Group Pty Limited	100%	100%
Southport Mazda Pty Limited	80%	80%
Robina Mazda Pty Limited [i]	80%	80%
Lismore Mazda Pty Limited[i]	80%	80%
Sunshine Group Pty Limited[i]	100%	100%

[i] No NCI historically, as no profit or loss generated in these entities.

Note 22. Related party transactions (continued)

Transactions with related parties

During the financial period, the Group entered into the following related party transactions:

	Half year 31 Dec 2020 $'000	Half year 31 Dec 2019 $'000
Lease payments to related parties:		
WF Property Holdings Pty Ltd, director related entity to Paul Warren	3,655	3,548
Lidex Pty Ltd, director related entity to Paul Warren	341	331
NSA Investments Pty Ltd, director related entity to Paul Warren	671	704
Peter Warren Nominees Pty Ltd, director related entity to Paul Warren	71	68
Nufima Pty Ltd, director related entity to Paul Warren	65	63
Frizelle (Wholesale) Pty Ltd, shareholder related entity	6,913	6,536
Wildash (QLD) Pty Ltd, shareholder related entity	55	53
DMP & Associates Pty Ltd, shareholder related entity	339	356
SGP Pty Ltd , shareholder related entity	339	356
Rental payments received from director related entities:		
WF Automotive Pty Ltd, director related entity to Paul Warren	559	543
Interest on loan notes with shareholders - Wildash (QLD) Pty Ltd	1,095	1,694
Interest on loan notes with shareholders - The Warrens Family Pty Ltd	3,160	2,420

	Sale of Goods		Purchase of goods	
	Half year 31 Dec 2020 $'000	Half year 31 Dec 2019 $'000	Half year 31 Dec 2020 $'000	Half year 31 Dec 2019 $'000
WF Automotive Pty Limited, director related entity to Paul Warren	1,096	1,574	1,097	1,237
PWA Regional Automotive Pty Limited, director related entity to Paul Warren	-	249	24	226

	Shared service charges	
	Half year 31 Dec 2020 $'000	Half year 31 Dec 2019 $'000
WF Automotive Pty Limited	3,043	2,389
PWA Regional Automotive Pty Limited	119	149

Receivables / (payables) with related parties

The following balances were outstanding at the end of the reporting period.

	31 Dec 20 $'000	30 Jun 20 $'000
WF Automotive Pty Limited receivables	862	511
WF Automotive Pty Limited payables	(25)	(510)
PWA Regional Automotive Pty Limited	21	1
PWA Regional Automotive Pty Limited	(1)	-
Amounts receivable from related parties	84	27
Loans from shareholders - Wildash (QLD) Pty Ltd	23,489	22,393
Loans from shareholders - The Warrens Family Pty Ltd	68,990	65,829

The loan notes payable to related parties relates to a loan from director related entities. The loans are interest bearing at 10% per annum compounded annually. The loan notes mature on 30 June 2027 or upon an 'exit' event.

During the period a loan in the amount of $1,250,000 was made to a KMP of the Group (Mr. Mark Weaver – COO). The loan is a limited recourse loan secured over an equivalent number of C Class Shares acquired by the KMP. The loan is interest free with no fixed repayment terms. The loan has been treated as 'treasury capital' offset against the associated secured shares (refer to Note 17).

Note 23. Key management personnel

Compensation

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

	Half year 31 Dec 2020 $'000	Half year 31 Dec 2019 $'000
Short-term employee benefits	2,476	885
Post-employment benefits	38	38
Share-based payments	487	-
	3,001	923

Note 24. Events after the reporting period

Impact of COVID-19
As at the date these financial statements are authorised for issue, the directors have assessed that there is currently no material financial impact of the COVID-19 pandemic on the Group's financial position and results. However, given the inherent unpredictability associated with the COVID-19 pandemic outbreak and any further contingency measures that may be put in place by the relevant governments and corporate entities combined with customer behaviours, the actual financial impact of the COVID-19 pandemic outbreak, if any, on the Group could be significantly different from the current status depending on how the situation evolves.

The Group are in the process of preparing for an Initial Public Offering (IPO) on the Australia Securities Exchange (ASX). The IPO is expected to complete in the first half of the 2021 calendar year.

On 8 February 2021, the Group repaid $13,315,000 of Jobkeeper receipts to the ATO. This will be recorded in the second half of FY2021.

There has not been any other matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.