

**WT** | FINANCIAL GROUP

**WT FINANCIAL GROUP LIMITED**

ABN 87 169 037 058  
(formerly known as Spring FG Limited)

**FY2020 ANNUAL REPORT**

## **Board**

Guy Hedley – Chairman  
*Non-executive Director*

Keith Cullen  
*Founder & Managing Director*

Chris Kelesis  
*Executive Director*

## **Company Secretary**

Ian Morgan

## **Registered Office**

Level 11, 95 Pitt St  
Sydney NSW 2000  
Ph: 02 9248 0422  
wtfglimited.com

## **Share Registry**

Boardroom Pty Limited  
Level 12, 255 George St  
Sydney NSW 2000  
Ph: 02 9290 9600  
boardroomlimited.com.au

## **ASX Listing Code**

“WTL”

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Important notice

Full details relating to the Group's financial performance and other important information are provided in the Consolidated Financial Statements.

The Consolidated Financial Statements of the Group commence from page 13 of this Annual Report and are separately indexed and page numbered from 1 to 48.

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29 September 2020

*Dear Shareholder*

This has been an extraordinary period for the financial advice industry, as we came off the back of a challenging 2019 year, with the Royal Commission findings and the impact that had on both the industry and the Company, then headed straight into the COVID-19 environment in the current year.

It is pleasing therefore to be able to report the early success of the transformation of the Company through this period, in delivering on our strategic goals of a return to profitable operations and positive cashflows.

You'll find a more detailed explanation of the results in the managing director's report and summary financial information sections of this Annual Report, but in summary, total revenue & other income was up 20% for the year to \$12.80M (FY2019 \$10.64M), and significantly, B2B revenue was up nearly 70% to \$8.37M (FY2019: \$4.96M), and recurring revenue up more than 30% to \$8.65M (FY2019 \$6.59M).

Our strong revenue growth and further reductions in expenses delivered a more than 331% improvement in operating profit (EBITDA) to \$1.21M, as compared to an EBITDA loss of \$524k for FY2019.

This is a result of a very deliberate strategy by the Company over the past 30 months now, with the acquisition of Wealth Today Pty Ltd to shift the business to a dealer group B2B focus and a corresponding shift to predominately recurring revenue lines. It also recognises a very disciplined approach to cost management and efficiently leveraging the business resources across the dealer group network.

As we had flagged last year, our view that the shift away from institutionally-owned financial advice networks would accelerate over the coming years, has proven to be sound. We have seen the ongoing fragmentation of many previously strong aligned financial advice networks, as their owners are either forced or elect to exist the industry. The Company has benefited from this trend and continues to see significant opportunities to add to the adviser network in the immediate future.

While the economic challenges and risks from the COVID-19 operating environment cannot be discounted, we are confident of our ability to execute our core business strategy of growing a profitable financial adviser B2B network will continue uninterrupted through this period. There is no doubt that the need for consumers to seek out prudent financial advice will be even more pressing than before COVID-19.

We accept that the last few years for the Company have presented an enormous challenge for shareholders. Having successfully executed the initial stage of the turnaround your Board and Management will continue to focus on growing the dealer group network as we shift the Company back to sustainable profitability.

We thank you for your support to date and we look forward to it continuing and to you being a part of our future.

King regards



Guy Hedley  
**Chairman**

Over the past two-and-a-half years WT Financial Group Limited (the Company or the Group) has undergone a transformational restructure to reduce its focus and reliance on business-to-consumer (B2C) and non-recurring revenue, to emerge as a primarily business-to-business (B2B) focused enterprise targeting predominately recurring revenue lines.

The successful implementation of the strategy has seen the Company return to operating profit and positive operating cashflow.

Central to its strategy has been the acquisition of the Group's Wealth Today Pty Ltd (Wealth Today) subsidiary which provides a comprehensive range of "dealer group" services to financial advisers.

The Group's acquisition of Wealth Today is enabling it to capitalise on industry disruption created by the unravelling of institutional advice models which continues to provide a substantial expansion opportunity.

### **Return to operating profitability and positive operating cashflow**

We are delighted to have been able to continue our growth and deliver such a significant turnaround in operating profit despite the economic headwinds of COVID-19, the impact of which is discussed in more detail in this report and within our Consolidated Financial Statements contained herein.

Total Revenue & Other Income was up 20% to \$12.80M (FY2019 \$10.64M), with Total Revenue from Ordinary Activities was up by 15% compared to the prior year to \$12.06 M (FY2019 \$10.45M).

Significantly, B2B revenue was up nearly 70% to \$8.37M (FY2019: \$4.96M), and recurring revenue up more than 30% to \$8.65M (FY2019 \$6.59M).

Our B2B success increased Direct Cost of Sales by 31% year-on-year to \$6.70M (FY2019 \$5.13M), in line with its strategic focus.

Our restructuring delivered further cost improvements, with Total Operating Expenses (excluding depreciation, amortisation, interest and tax) down a further 19% to \$4.88M (FY2019 \$6.03M).

A more detailed explanation of the significant costs reductions can be found in the Directors' Report within our Consolidated Financial Statements contained within this Annual Report.

Our strong revenue growth and reductions in expenses delivered a more than 331% improvement in Operating Profit (EBITDA) to \$1.21M, as compared to an EBITDA loss of \$524k for FY2019.

Finance costs increased 12% to \$281k (FY2019 \$250k), while depreciation and amortisation increased 109% to

\$871k (FY2019 \$417k) resulting in a return to underlying profitability with a normalised NPBT result of a small profit of \$60k.

This was a sharp and pleasing turnaround and 98% improvement over the prior year (FY2019 loss of \$1.19M).

After accounting for a one-off write-down of the sale price of the Group's internal SMSF administration operation (further details of which are provided below in this report) the NPAT result was a loss of \$401k, a 56% improvement on the prior year (FY2019 loss of \$929k).

### **COVID-19 Impact**

Despite significant challenges, the Company has enjoyed continued growth in revenue on a Group basis since the impact of COVID-19.

In the Group's Wealth Today (B2B) operations, the economic uncertainty and downturn from the pandemic initially placed considerable pressure on financial advisers, as they dealt with uncertainty in their own businesses (and lives), and at the same time dealt with the many issues arising for their existing clients. A similar impact was experienced in our B2C operations as the Company's salaried advisers committed significant time to dealing with existing clients impacted by the pandemic, while new business opportunities were limited.

Group operations have been able to be readily adapted during the pandemic however, with a mix of work-from-home and video conferencing solutions implemented that have enabled both B2C and B2B clients to continue to be served with limited interruption, and the Group is well equipped from an operational and technological perspective to continue its operations should the impact of the pandemic continue.

Whilst its growth trajectory has been impacted and will continue to be impacted by the pandemic, the Company anticipates continued growth at or around that experienced across FY2020, thanks in large part to the ongoing industry disruption - as institutional licensees exit the market and advisers continue to seek non-aligned dealer groups to join.

Whilst it is all-but impossible to forecast what the future may hold either economically or socially as a result of the ongoing pandemic, we are confident that the Company will be able to continue its growth trend in revenue and profitability to across FY2021 and beyond as its B2B activities increase further in scale.

A more comprehensive COVID-19 Impact Statement, including a summary of the impact on revenue and profitability is included in the Consolidated Financial Statements within this Annual Report.

## Managing director's report

### Details of one-off write down impacting NPAT

In 2017, the Group sold its internal SMSF administration operations for a total consideration of \$1.695M (Sale Price). The sale agreement included a deferred consideration over time from the buyer.

The sale included an ongoing contractual obligation for the Group to outsource certain SMSF administration requirements of its Spring FG Accounting Pty Ltd subsidiary to the buyer (SMSF Contract).

During the period the Group agreed the restructuring of the SMSF Contract with the buyer, with the following impacts:

The annual cost of services provided to the Group by the buyer under the SMSF Contract were reduced significantly, representing a total gain for the Group of \$1.24M across FY2020 to FY2022.

In consideration of the restructured arrangements, the 2017 Sale Price has been reduced to \$913,000, resulting in an outstanding vendor financed component of \$789k having been written down to zero. negatively impacting the Company's FY2020 NPAT by a net \$445k after accounting for the resulting tax benefit.

The net cash impact of restructuring the SMSF Contract (and adjusting the Sale Price) however will be positive \$451k across the three years to FY2022.

Further details are contained within the Consolidated Financial Statements within this Annual Report.

### New initiatives and corporate actions

To complete our restructure program; and ensure we represents a strong and viable new home for displaced advisers; and further to ensure we are positioned to capitalise on market opportunities as and when they emerge, we implemented the following initiatives just prior to and just following the end of the financial year.

#### **Disposal of 50% holding in B2C publishing joint-venture**

Concurrently with our emergence as a leading dealer group under the Wealth Today brand, we have continued to rationalise B2C financial advice and wealth management operations conducted under the Spring Financial Group banner, which has helped deliver significant cost reductions.

In furtherance of this strategy on 19 June 2020 we completed the sale of the Company's remaining 50% stake in B2C-focussed digital publisher Sharecafé Pty Ltd (formerly Spring FG Digital Pty Ltd) (Sharecafé) to our JV partner in those operations, Informed Investor Pty Ltd for \$225,000. The sale price is equal to the Company's carrying value of the investment, so there was no net impact to either profitability or net assets.

We will continue to work closely with Informed Investor to provide certain support services to Sharecafé on a commercial arms-length basis and will further retain advertising rights on the Sharecafé website for a term of at least 18-months.

### **New institutional shareholder**

On 6 August 2020 we welcomed The Armytage Micro Cap Activist Fund (Armytage) to our share register as a significant shareholder by way of Armytage subscribing for \$500,000 new shares in the Company at the 90-day volume weighted average share price, being 3.1 cents.

The placement and subsequent on market transactions have seen Armytage on the register as a substantial shareholder with 9.8% as at 23 September 2020.

### **Unprecedented expansion opportunity**

The upheaval in the financial advice industry continued across the period with further disruption expected over the next several years. Fuelled in large part by the revelations and findings of the 2018 Royal Commission into the industry, we are seeing the beginning-of-the-end of the dominance of institutionally-owned advice networks in the financial advice sector. This continues to provide significant expansion opportunity for the Company.

Financial product manufacturers, including AMP, NAB-owned MLC and other major banks have been reducing, closing or selling their advice networks.

As this unwinding of networks continues more highly experienced and qualified advisers and countless of their clients will become "homeless". They will need a professional, efficient dealer group to support their businesses.

At the same time the institutional advice model has been disintegrating, the many smaller, sub-scale dealer groups with less than 50-100 advisers, have faced ever-increasing compliance requirements and significant increases in demands from advisers for comprehensive internal education and training.

This potentially marginalises dozens of existing smaller dealer groups, presenting further opportunity for growth by Wealth Today as operators choose to exit the industry by way of closure or sale.

We believe we are well positioned to continue capitalise on this industry disruption and we anticipate further significant growth in revenue over the next 12-18 months. We will of course consider corporate acquisition opportunities on their merits as and when they arise.

**Risks to growth**

Of course, there are risks to all companies that operate in an industry undergoing such upheaval as that being experienced in financial services - and the Group will not be immune to those as and when they arise.

Perhaps one of the most significant risks to growth for any business operating in the sector (including the Group) over coming years to be the potential for an adversarial regulatory environment to emerge.

There is a risk for example that media, political and consumer pressure, including the new mantra for the corporate regulator of “why not litigate” – and the Royal Commission Final Report argument that “if there are grey areas in the law – why not test them in court to settle the grey through precedent” results in over-zealous regulatory actions at both an industry and individual corporation level.

There is a risk that this exposes financial services operators to significant human resource and financial costs in dealing with or defending such situations and or actions - serving as a distraction or impediment to growth, revenue and profitability. Such actions can also result in reputational damage and/or impact licensing conditions of financial services companies. There is also a risk that professional indemnity insurance premiums rise significantly.

There are the normal Company risks that could impact the Group's future performance also, including the risk that it is unable to attract the requisite personnel to manage its growth, and that it does not have the technology, financial and other resources to capitalise on its growth prospects and/or adequately deal with the risks outlined herein and other risks that may emerge. We have included a Risk Factors section (and explanation of how we mitigate these risks) later in this Annual Report and as always these should be considered.

In closing, thank you for the continued support during this challenging period over the past couple of years.

For a Company with a history of having distributed nearly \$7M in dividends since its inception, FY2018 and FY2019 were clearly very disappointing and challenging.

FY2020 has shown that we have the impetus and that our dedicated team of employees and contractors have the experience and ability required for re-building long-term shareholder value and returning your Company to long term, sustainable growth and profitability.



Keith Cullen  
**Managing director**

## Key operating divisions

### Diversified exposure to financial services

We are an ASX-listed (WTL) diversified financial services company that contains two distinct channels, being our primary business-to-business (B2B) operations under our Wealth Today Pty Ltd subsidiary and brand; and our complementary direct to consumer (or B2C) operations under our Spring Financial Group brand.

Our advice and product offerings are delivered primarily through a group of independently-owned financial advice practices operating as authorised representatives under our Wealth Today Pty Ltd subsidiary. We also deliver a range of services directly to clients through our Spring Financial Group brand.

The Group offers market-leading financial education and market information services for advisers and consumers through that includes the publication of its Wealthadviser library of more than 100 financial literacy handbooks and manuals on a broad range of financial and investment market topics.

### Our group entities

At WT Financial Group we've created a company structure and assembled a team of individuals who not only possess industry and technical experience to help Australian's achieve their financial goals but who passionately share our philosophy that great financial advisers deserve a great home - a better home – for themselves and their clients. A full list of all Group entities is included in the Consolidated Financial Statements within this Annual Report.



The Group's Wealth Today operations contribute around 65% of WT Financial Group's Revenue from Ordinary Activities and are the engine-room for our growth as the disruption occurring in the financial services industry presents unprecedented growth opportunities.

Under the Wealth Today model, suitably qualified financial advisers are open to apply to join the group. Following extensive due diligence, qualification and reference checking (following ABA protocols), and induction training, those that are successful with their applications are appointed as either corporate authorised representatives (incorporated parties with one or more advisers) and/or authorised representatives (individuals).

Once appointed they then pay both fixed service fees and a variable fee component linked to their turnover. This aligns Wealth Today with the success of our advisers' practice growth and appropriately links fee revenue with requisite service and support levels.

Wealth Today provides appointed advisers with a comprehensive range of licensing, compliance, education & training, and technical support; and practice management and development services, including extensive consumer marketing and education tools.

Importantly, Wealth Today is a B2B brand, (rather than a consumer facing brand) with our authorised

representatives operating under their own company, business and brand names enabling them to build personal connection to their clients and the communities in which they operate.

Wealth Today also operates an open, or "non-aligned" APL (approved product list) enabling advisers to choose from a broad range of financial products, platforms and services to best suit their clients' goals and objectives, rather than being limited to a particular institutional product list.

Wealth Today does not accept "shelf fees" or "volume bonuses" from product providers, and importantly (other than compliance and monitoring software) does not "mandate" or dictate the use of any particular financial product, service or investment platform – nor "white label" other's products.

Wealth Today continues to innovate in the delivery of support to our advisers through comprehensive education and training programs and by making available centralised advice services under our "team-based approach" to client advice. This model enables advisers to confidently advise a broad range of client types and circumstances in an increasingly complex regulatory and legislative environment by accessing expertise and support on a pay-as-you-use fee structure. The Group is seeing advisers attracted to our real-world experience in dealing with retail clients and the value this adds to their own practices and clients.



## spring' FINANCIAL GROUP

Through the various entities that make up the Spring Financial Group the Group's B2C division delivers a range of services directly to wholesale and retail clients encompassing financial planning, accounting & tax services, mortgage finance services, and investment and asset management. Our Spring FG Funds Management Pty Ltd and Spring FG Realty Pty Ltd subsidiaries are the investment and asset managers of the Specialist Residential Impact Fund.

These operations underwrite critical intellectual property, and skilled human resources experienced in the practical application of financial advice and services, regulatory and legislative compliance, and training and education, which enable the Group to provide meaningful "real world" support and insights to the growing number of advisers in our Wealth Today dealer group, which provides a competitive advantage in attracting new advisers.

The Group's B2C operations also serve as a "research and development lab" for both consumer and practice management strategies; setting Wealth Today apart from dealer groups that have no exposure to the practical application of the marketing and delivery of advice to consumers on a day-to-day basis.

To rationalise compliance, audit, operational, and insurance costs, the Group's primary B2C wealth management operations (delivered through our subsidiary SFG Private Wealth Pty Ltd) are licensed by Wealth Today as a corporate authorised representative. This structure is important in ensuring that the Group's own B2C systems, processes, compliance, education & training, technology and "approved product lists" are aligned with the B2C operations of the advisers in the Wealth Today dealer group.

## Summary financial information

	FY2020	FY2019
	\$	\$
Revenue	12,056,928	10,457,449
Other income	739,043	182,259
<b>Total Revenue and Other Income</b>	<b>12,795,971</b>	<b>10,639,708</b>
Direct cost of sales expenses	(6,705,199)	(5,126,760)
Less:		
Employee benefits expense	(2,891,887)	(3,480,692)
Advertising & marketing expenses	(154,635)	(351,728)
Consulting & professional fee expenses	(402,932)	(283,331)
Rental expenses	(381,395)	(927,167)
Other operating expenses	(1,048,188)	(994,805)
<b>EBITDA</b>	<b>1,211,735</b>	<b>(524,775)</b>
Less:		
Finance costs	(280,865)	(249,551)
Depreciation & amortisation expense	(870,936)	(417,204)
Loss on disposal of furniture & equipment	-	(2,007)
<b>Profit before income tax (normalised)</b>	<b>59,934</b>	<b>(1,193,537)</b>
One-off write-down associated with SMSF admin sale/contract	(789,716)	-
<b>Profit before income tax (statutory)</b>	<b>(729,782)</b>	<b>(1,193,537)</b>
Income tax benefit/(expense)	328,872	264,622
<b>Profit after income tax benefit/expense for the year</b>	<b>(400,910)</b>	<b>(928,915)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>(400,910)</b>	<b>(928,915)</b>

## Summary financial information

	FY2020 \$	FY2019 \$
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	1,413,559	1,045,182
Trade and other receivables	1,769,873	1,557,429
Other assets	486,230	612,805
Current tax assets	-	(291,756)
<b>TOTAL CURRENT ASSETS</b>	<b>3,669,662</b>	<b>2,923,660</b>
NON-CURRENT ASSETS		
Trade and other receivables	-	466,501
Property, plant and equipment	880,492	486,787
Deferred tax assets	3,690,061	3,326,481
Investments	125,000	324,609
Intangible assets	6,851,539	7,027,140
<b>TOTAL NON-CURRENT ASSETS</b>	<b>11,547,092</b>	<b>11,631,518</b>
<b>TOTAL ASSETS</b>	<b>15,216,754</b>	<b>14,555,178</b>
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Trade and other payables	2,294,734	2,012,951
Provisions	172,663	155,549
Borrowings secured	360,000	290,000
Borrowings unsecured	58,996	-
Other liabilities	146,250	135,000
Lease liabilities	382,876	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,415,519</b>	<b>2,593,500</b>
NON-CURRENT LIABILITIES		
Trade and other payables	3,953	223,749
Provisions	153,998	127,629
Borrowings secured	345,000	625,000
Borrowings unsecured	454,599	513,595
Deferred tax liabilities	1,917,373	1,882,662
Lease liabilities	340,579	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>3,215,502</b>	<b>3,372,635</b>
<b>TOTAL LIABILITIES</b>	<b>6,631,021</b>	<b>5,966,135</b>
<b>NET ASSETS</b>	<b>8,585,733</b>	<b>8,589,043</b>
<b>EQUITY</b>		
Issued capital	19,292,712	18,895,112
Reserves	26,659	26,659
Accumulated Dividends	(6,827,069)	(6,827,069)
Accumulated Profit/Loss	(3,906,569)	(3,505,659)
Retained earnings	(10,733,638)	(10,332,728)
<b>TOTAL EQUITY</b>	<b>8,585,733</b>	<b>8,589,043</b>

## Risks and risk management

In our daily operations and in pursuing our strategic goals the Group is exposed to a variety of risks. Whilst key financial risks are specifically addressed in the Consolidated Financial Statements the table below provides an overview of the general operational and strategic risks that the Group has identified and manages.

Risk	Description	Risk management strategy
Regulatory and Licensing Requirements and Compliance	WT Financial Group operates in highly-regulated markets that require it (through its various 100%-owned subsidiaries) to hold licences, registrations and other authorities and approvals.  Risk that regulatory and supervisory requirements, if not met, or are breached could result in restrictive conditions being imposed or a suspension or cancellation of the licence or registration.	Comprehensive compliance regime.  Extensive internal monitoring and reporting across all key aspects of its operations.  External legal and compliance advice where deemed appropriate.
Management of Future Growth	The Company expects to continue to experience growth and increase in the number of its authorised representatives, employees and officers.  Risk that the scope of its supporting infrastructure will be inadequate and/or systems that are not implemented and improved in a timely manner.	Recruitment of experienced operational personnel.  Use of appropriate external consultants and contractors.
Legislative and Regulatory Changes	Risk that legislative or regulatory changes could adversely affect the Group's ability to offer certain products or services and/or its ability to earn revenue and profits from them and/or affect the ability of clients or potential clients of the Group to access certain products or services or make them less attractive to them.	Diversify product and service offerings.
People risk	Loss of key executives and contractors.  Loss of key individuals in operating businesses with consequential material business interruption.	Succession planning and appropriate restraints to protect ongoing business.  Market competitive remuneration and career development opportunities.
Fraud or embezzlement of Group or client funds	Risk that employee due diligence and monitoring is insufficient and/or that day-to-day operational controls are inadequate.	Fidelity and professional indemnity insurance held, and appropriate policies and procedures implemented and regularly reviewed.
Investment impairment risk	Risk that investments, and in particular the value of acquired goodwill and intangible assets which are subject to a permanent decrease in value.  Investment write-down or impairment results in an expense for the Group.	Close monitoring of investments.  Close management of businesses operations to optimise results.

The shareholder information set out below was applicable as at 29 September 2020.

### Distribution of equitable securities

The table below shows the distribution of the number of holders of equitable securities by size of holding ranges:

Holdings Ranges	No. of holders
1-1,000	11
1,001-5,000	32
5,001-10,000	139
10,001-100,000	153
100,001 or more	83
<b>Totals</b>	<b>418</b>
Number holding less than a marketable parcel	189

### Equity security holders

#### Twenty largest equity security holders

The table below shows the number of shares held and the percentage of total shares on issue held by holders who are the 20 largest shareholders in the Company:

Holder name	Number held	%
MR KEITH ROBERT CULLEN	20,481,964	12.289%
C A K INVESTMENTS PTY LTD <KELESIS FAMILY A/C>	20,228,646	12.137%
NATIONAL NOMINEES LIMITED	16,402,540	9.841%
KRC INVESTMENTS PTY LTD	14,889,576	8.933%
IFM PTY LIMITED <IFM SUPER FUND A/C>	8,440,442	5.064%
DAM ENTERPRISE SERVICES PTY LTD	7,200,000	4.320%
BANNABY INVESTMENTS PTY LIMITED <BANNABY SUPER FUND A/C>	6,681,709	4.009%
IFM PTY LIMITED <IFM SUPER FUND A/C>	6,299,822	3.780%
PORTFOLIO SERVICES PTY LTD	5,597,991	3.359%
MR MITCHELL ANSIEWICZ	5,099,791	3.060%
JULORY PTY LTD <THE JULORY A/C>	3,840,347	2.304%
MR ANGELOS KELESIS & MRS VASO KELESIS <A & V KELESIS SUPER FUND A/C>	3,754,109	2.252%
PORTFOLIO SERVICES PTY LTD	3,299,651	1.980%
IAN JOYE SUPER FUND PTY LTD	3,021,560	1.813%
GAILFORCE MARKETING & PR PTY LTD <HALE AGENCY S/F A/C>	2,500,190	1.500%
DIRECT PTY LIMITED <GRIFFITH SUPER FUND A/C>	2,113,465	1.268%
PAUL SMSF PTY LTD <PAUL FAMILY SUPER FUND A/C>	1,889,759	1.134%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,830,479	1.098%
PACIFIC DEVELOPMENT CAPITAL LIMITED	1,785,714	1.071%
NATIONAL NOMINEES LIMITED <DB A/C>	1,642,207	0.985%
<b>Total securities of top 20 holdings</b>	<b>136,999,962</b>	<b>82.197%</b>
<b>Total of securities</b>	<b>166,671,900</b>	

**Unquoted equity securities**

There are 500,000 unlisted options on issue.

**Substantial holders**

The table below shows the number of shares held and the percentage of total shares on issue held by holders who are substantial holders in the Company:

Holder name	Number held	%
MR KEITH ROBERT CULLEN	20,481,964	12.289%
C A K INVESTMENTS PTY LTD <KELESIS FAMILY A/C>	20,228,646	12.137%
NATIONAL NOMINEES LIMITED	16,402,540	9.841%
KRC INVESTMENTS PTY LTD	14,889,576	8.933%
IFM PTY LIMITED <IFM SUPER FUND A/C>	8,440,442	5.064%
BANNABY INVESTMENTS PTY LIMITED <BANNABY SUPER FUND A/C>	6,681,709	4.009%
IFM PTY LIMITED <IFM SUPER FUND A/C>	6,299,822	3.780%

**Holders with greater than 20%**

The table below shows the number of shares held and the percentage of total shares on issue held by holders who hold directly or indirectly more than 20% of the issued ordinary shares in the Company:

Holder Name	Number held	%
MR KEITH ROBERT CULLEN	35,371,540	21.22%

**Voting rights**

The voting rights attached to ordinary shares are set out below:

**Ordinary shares**

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Options**

No voting rights.

**Other**

There are no other classes of equity securities.

**CONSOLIDATED FINANCIAL STATEMENTS**

**for the Year Ended 30 June 2020**

**WT FINANCIAL GROUP LIMITED**

ABN 87 169 037 058  
**(formerly known as Spring FG Limited)**

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## DIRECTORS' REPORT

30 June 2020

The directors present their report, together with the consolidated financial statements of WT Financial Group Limited (formerly known as Spring FG Limited) (WTL or the Company) and its subsidiaries and controlled entities (the Group) for the financial year ended 30 June 2020 (FY2020) and the auditor's report thereon.

The Company listed on the Australian Stock Exchange on 15 March 2015 (ASX code: WTL). The Company's Corporate Governance Statement is located at [wtfglimited.com](http://wtfglimited.com).

### Directors

The names of each person who has been a director during the year and to the date of this report, and their qualifications and experience are provided below. The directors were in office for the entire period.

#### **Guy Hedley**

#### **Chairman & Non-Executive Director**

##### **Experience**

Guy Hedley is a non-executive director and chairman of WT Financial Group Limited. Guy has track record of success as a corporate executive in financial services. He was the founder and (for more than 10 years) head of Macquarie Private Bank in and an executive director at Macquarie Group from 2002 to 2012.

Under Guy's management, Macquarie Private Bank established itself as the leading private bank in the country. Guy is now the executive chairman of Atlas Advisers Australia. He holds an MBA (Exec.) from Australian Graduate School of Management and is a Master Stockbroker (SAA).

##### **Interest in shares**

387,842 ordinary shares

##### **Special responsibilities**

Chairman of Remuneration & Nomination Committee

#### **Keith Cullen**

#### **Managing Director & CEO**

##### **Experience**

Keith Cullen is the founder and managing director of WT Financial Group Limited and its subsidiary companies. Keith has extensive experience as a corporate executive, general manager and sales & marketing director in financial services, gaming & wagering technology and media. He also has considerable experience in capital markets and mergers and acquisitions.

From 1994 – 2006 he was a founding director and shareholder of eBet Limited (later known as Intecq Limited) (managing director, 1994-2004), an ASX-listed gaming & wagering technology company with operations in Australia, NZ, USA, Canada, and various Asian countries.

Prior to 1994 Keith held various sales & marketing roles with the privately-owned Australian Radio Network and ASX-listed Wesgo Communications.

##### **Interest in shares**

35,389,007 ordinary shares

##### **Special responsibilities**

Member of Audit & Risk Committee and Remuneration & Nomination Committee

#### **Chris Kelesis**

#### **Executive Director**

##### **Experience**

Chris Kelesis is a founding shareholder and director of WT Financial Group Limited and its subsidiary companies and is licensee-in-charge of Spring FG Realty Pty Ltd.

Chris holds primary responsibility for managing the Group's real property-based relationships. He is also responsible for overseeing investment property contracts, settlement and asset agreement processes for the Group.

Chris is also an accomplished equities trader and technical analyst with more than 20 years' experience as a private and wholesale client adviser in roles with Spring Equities, Ark Equities and the Rivkin Group.

##### **Interest in shares**

21,428,646 ordinary shares

##### **Special responsibilities**

Licensee-in-charge of Spring FG Realty Pty Ltd

## DIRECTORS' REPORT

30 June 2020

### Company Secretary

#### Ian Morgan

Ian is a Chartered Accountant and a Chartered Company Secretary, with over 30 years' experience. He holds a Bachelor of Business (NSW Institute of Technology), a Master of Commercial Law (Macquarie University), a Graduate Diploma of Applied Finance & Investment (Securities Institute) and is a Fellow of the Financial Services Institute of Australasia.

### Meetings of directors

The table below sets out the meetings of directors and meetings of sub-committees held during the period.

Director	Directors' Meetings		Audit & Risk Committee		Remuneration & Nomination Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Keith Cullen	8	8	2	2	1	1
Chris Kelesis	8	8	-	-	-	-
Guy Hedley	8	8	2	2	1	1

### Principal activities

Over the past 30 months the Group has undergone a successful transformational restructure of its business and operations to reduce its focus and reliance on business-to-consumer (B2C) and non-recurring revenue, to emerge as a primarily business-to-business (B2B) focussed enterprise targeting predominately recurring revenue lines.

Central to its strategic transformation has been the acquisition of the Group's Wealth Today Pty Ltd (Wealth Today) subsidiary which provides a comprehensive range of "dealer group" services to financial advisers who are independent business operators acting as authorised representatives.

Concurrently the Group has rationalised its B2C financial advice and wealth management operations conducted under the Spring Financial Group banner, which has helped deliver significant cost reductions.

The Group has offices in Sydney, Melbourne and Perth and satellite offices in Canberra and Brisbane. A listing of all the subsidiaries and controlled entities in the Group (including non-operating entities and entities acquired during the period and the prior period) can be found in Note 20 of the financial statements.

### Operating results and Review of Financial Position

#### A. Operating results for the year

Total Revenue & Other Income was up 20% to \$12.80M (FY2019 \$10.64M), with Total Revenue from Ordinary Activities was up by 15% compared to the prior year to \$12.06M (FY2019 \$10.46M).

Significantly, B2B revenue was up nearly 70% to \$8.37M (FY2019: \$4.96M), and recurring revenue up more than 30% to \$8.65M (FY2019 \$6.59M).

The Group's B2B success increased Direct Cost of Sales by 31% year-on-year to \$6.70M (FY2019 \$5.13M), in line with its strategic focus.

Total Operating Expenses (excluding depreciation, amortisation, interest and tax) were down by 24% to \$4.88M (FY2019 \$6.03M).

Resulting in a more than 331% improvement in Operating Profit (EBITDA) to \$1.21M, as compared to an EBITDA loss of \$524k for FY2019, underscoring the success of the Group's transformational restructure.

Finance costs increased 12% to \$281k (FY2019 \$250k), while depreciation and amortisation increased 109% to \$871k (FY2019 \$417k) resulting in a normalised NPBT result of a small profit of \$60k, a 98% improvement over the prior year (FY2019 loss of \$1.19M).

After accounting for a one-off write-down of the sale price of the Group's internal SMSF administration operation (detailed below) the NPAT result was a loss of \$401k, a 56% improvement on the prior year (FY2019 loss of \$929k).

## **DIRECTORS' REPORT**

30 June 2020

### ***Impact of restructure program on operating expenses and profit***

Continued improvements in revenue (and reductions in expenses) throughout the year produced a FY2020 result that was a considerable turnaround on FY2019. The Company anticipates this positive trend will continue across FY2021 and beyond as its B2B activities increase further, signalling a return to sustainable profitability.

Successful rationalisation of Company's B2C activities have resulted in considerable reductions of fixed overhead over the past two-and-a-half years, with further improvement achieved throughout the year as the Company completed more components of its strategic transformation.

For FY2020 total operational expenses (excluding depreciation, amortisation, interest and tax) were down 19% to \$4.88M (FY2019 \$6.03M).

Total employment expenses down by 17% to \$2.89M (FY2019 \$3.48M), driven primarily through restructuring initiatives, and aided further by COVID-19 related payroll reductions in the latter part of the year.

Advertising and marketing expenses were down 56% to \$155K (FY2019 \$352K). With lower costs associated with marketing the Group's B2B operations this level is expected to be maintained (or reduced marginally) from FY2021.

Occupancy costs were down 59% on the prior year to \$381 K (FY2019 \$927K) primarily as a result of the compulsory adoption of accounting standard AASB 16 leading to adjustments of \$623K and aided in part by relief afforded the Company by its Melbourne and Sydney lessors under the COVID-19 commercial tenancy code.

Significantly, the Group has secured a sub-tenant for its surplus office space in Sydney with effect from 1 August 2020, improving its net cost in Sydney by \$180k pa. It will see a further \$35k pa improvement from October 2020 through exiting surplus Perth office space stemming from a shift of several roles and responsibilities across its B2B operations to Sydney.

The Group continues to seek a sub-tenant or assignee for its Melbourne office space, made redundant by its successful restructure and the sale of components of its B2C operations. If successful, this will achieve further reduction in office accommodation expense of up to \$180k pa.

### ***Details of one-off write down impacting NPAT***

In 2017, the Group sold its internal SMSF administration operations for a total consideration of \$1.695M (Sale Price). The sale agreement included a deferred consideration over time from the buyer. At the time, in accordance with AASB 15, the Group recognised a discounted amount of \$1.361M in other revenue to reflect a financing component relative to the deferred consideration.

The sale included an ongoing contractual obligation for the Group to outsource certain SMSF administration requirements of its Spring FG Accounting Pty Ltd subsidiary to the buyer for a period of not less than five-years, under a fixed price contract (SMSF Contract).

During the period the Group agreed the restructuring of the SMSF Contract with the buyer, with the following impacts:

The annual cost of services provided to the Group by the buyer under the SMSF Contract were reduced significantly, representing a total gain for the Group of \$1.24M across FY2020 to FY2022.

This comprised a \$452k reduction for FY2020; and a further \$396k pa for each of the remaining two-years of the contract term for a total future saving to the Group of \$792k that will be realised through the Company's profit & loss statements across FY2021 and FY2022.

In consideration of the restructured arrangements, the 2017 Sale Price has been reduced to \$913,000, resulting in an outstanding vendor financed component of \$789k having been written down to zero. This amount has been recorded in the Company's FY2020 accounts as a one-off write down, negatively impacting the Company's FY2020 NPAT by a net \$445k after accounting for the resulting tax benefit.

The net cash impact of restructuring the SMSF Contract (and adjusting the Sale Price) however will be positive \$451k across the three years to FY2022 and provides the Group with considerably increased flexibility with this B2C subsidiary, in furtherance of its restructure to a predominately B2B focused enterprise.

### **Segments**

More detailed information relating to the performance of the Group's two key segments, which are "financial planning, investment advice and product sales revenue"; and "accounting & taxation services", is included at Note 4 of the financial statements.

## **DIRECTORS' REPORT**

30 June 2020

### **B. Review of financial position**

The financial position of the Group as 30 June 2020 is summarised as follows:

Total assets were \$15.2M (FY2019 \$14.6M), with total liabilities of \$6.63M (FY2019 \$5.97M), resulting in net assets of \$8.59M (FY2019 \$8.59M).

Net tangible assets (NTA) were \$1.73M (FY2019 \$1.56M).

The Group had drawn receivables financing facilities of \$705K (FY2019 \$915k) the terms of which are more fully detailed in Note 11(a).

#### ***Disposal of 50% holding in B2C publishing joint-venture***

Concurrently with its emergence as a leading dealer group, the Group has rationalised its B2C financial advice and wealth management operations conducted under the Spring Financial Group banner, which has helped deliver significant cost reductions.

In furtherance of its strategy to rationalise its B2C operations, the Company sold its remaining 50% stake in B2C-focussed digital publisher Sharecafé Pty Ltd (formerly Spring FG Digital Pty Ltd) (Sharecafé) to its JV partner Informed Investor Pty Ltd for \$225,000. The sale price is equal to the Company's carrying value of the investment and therefore had no net impact on the Company's balance sheet.

The Company will continue to provide certain support services to Sharecafé on a commercial arms-length basis and will further retain advertising rights on the Sharecafé website for a term of at least 18-months.

#### **Cash from operations**

Key matters related to and contributing to cash from operations of the Group during the period are as follows:

Cashflow from operating activities was positive \$710k (FY2019 \$646k). The Company paid down borrowings by \$210k (FY2019 \$1.03M) and net cash increased by \$368k (FY2019 decrease of \$198K) with cash and cash equivalents being \$1.41M at 30 June 2020 (FY2019 \$1.045M).

The Company has subsequently further improved its cash position with a placement to a new institutional shareholder on 8 August 2020 providing an additional \$500k in cash.

#### **Capital management**

As at 30 June 2020 the Company had a total of 150,542,868 (FY2019 142,590,868) ordinary shares on issue, with 7,952,000 shares issued during the year.

#### **Dividends**

The Company has paid a total of \$6.83M in fully-franked dividends since it was incorporated as the parent company of the Group in 2015.

Due to the loss, no dividend will be declared or paid for FY2020.

The Company retains its policy to pay dividends at least annually, subject to available profits and cashflow.

#### **Significant changes in state of affairs**

Excluding the impact of the COVID-19 pandemic there have been no significant changes in the state of affairs of the Company.

#### **Summary COVID-19 Impact Statement**

The Company's operations and revenue and profitability were impacted by the COVID-19 pandemic as follows.

##### ***Impact on revenue and profitability***

Despite significant challenges, the Company has enjoyed continued growth in revenue on a Group basis since the impact of COVID-19.

In the Group's Wealth Today (B2B) operations, the economic uncertainty and downturn from the pandemic initially placed considerable pressure on financial advisers, as they dealt with uncertainty in their own businesses (and lives), and at the same time dealt with the many issues arising for their existing clients.

This resulted in a reduction in new business revenue for many advisers across the period from February 2020 to May

## **DIRECTORS' REPORT**

30 June 2020

2020, as their focus shifted and the uncertainty of the outlook quelled inbound inquiry from potential new clients. Most had adapted and recovered by April, with new business activity increasing considerably across June and July 2020, and the Group's B2B operations recording record revenue in these months.

The resulting impact on the Group's February to May revenue resulted in an estimated impact on EBITDA around \$150k for FY2020.

Across February to April 2020 Wealth Today experienced a general reduction in inbound inquiry from new advisers and saw a number of advisers who had been in discussions to join it defer their moves, impacting FY2020 EBITDA by an estimated \$250k. However, through June and subsequent to the balance date, inquiry has returned to prior levels and those in discussions have become active with their moves again.

Whilst its growth trajectory has been impacted and will continue to be impacted by the pandemic, the Company anticipates continued growth at or around that experienced across FY2020, thanks in large part to the ongoing industry disruption - as institutional licensees exit the market and advisers continue to seek non-aligned dealer groups to join.

Revenue from the Group's B2C operations was down around 25% year on year, with the impact greatest in the second half of the year. As with advisers in the Group's Wealth Today dealer group, the Company's salaried advisers committed significant time to dealing with existing clients impacted by the pandemic, while new business opportunities were limited. The resulting impact on FY2020 EBITDA is estimated at around \$150k after accounting for benefits flowing from relief afforded the Company by its Melbourne and Sydney lessors under the COVID-19 commercial tenancy code.

The Company's subsidiaries that were worst affected by COVID-19 benefited from both the Job Keeper and Cash Boost initiatives of the federal government with total government grants for the financial year \$430k, offsetting in part the impacts on profitability noted above. Government grants are reflected in Other Revenue in the Company's financial statements.

### ***Impact on operational capacity***

Group operations have been able to be readily adapted during the pandemic, with a mix of work-from-home and video conferencing solutions implemented that have enabled both B2C and B2B client to continue to be served with limited interruption.

The move to work from home was relatively seamless for a lot of advisers in the Wealth Today dealer group, as most have spent years working at least a part of their time, if not most of it, from home, or on the road in other cases.

The Directors consider that the Group is well equipped from an operational and technological perspective to continue its operations should the impact of the pandemic continue. The Company has been aided in its COVID Safe planning and implementation by the professionalism and focus of its premises lessors who have ensured the Group's workplaces operate safely and efficiently.

### ***Impact on future outlook***

Whilst it is impossible to forecast what the future may hold either economically or socially as a result of the ongoing pandemic, the Directors consider that the Company will be able to continue its growth trend in revenue and profitability to across FY2021 and beyond as its B2B activities increase further in scale.

## **Events after the reporting date**

### ***New institutional shareholder***

On 6 August 2020 the Company raised \$500,000 cash by way of the issuance of 16,168,351 new ordinary shares in the Company to a single institutional investor for the at an issue price of 3.1 cents per share, representing the 90-day volume weighted average price of the Company's shares.

## **Indemnity and insurance of officers**

The Company has entered into director protection deeds with each Director and an officer protection deed with the company secretary. Under these deeds, the Company has agreed to indemnify, to the extent permitted by the Corporations Act 2001, each officer in respect of certain liabilities which the officer may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Company.

The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are officers and for seven years after they cease to act as officers.

Disclosure of the insurance premiums and the nature of liabilities covered by such insurance are prohibited by the relevant contracts of insurance.

## **DIRECTORS' REPORT**

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

### **Environmental Regulation**

The Group's operations are not subject to any particular significant environmental regulations under a law of the Commonwealth or of a State or Territory legislation.

### **Audit services**

Rothsay Audit & Assurance Pty Ltd was the auditor of the Company and all Group entities and is the Group's lead auditor.

Details of the amounts paid to the auditor Rothsay Audit & Assurance Pty Ltd, and/or their related-party firms for audit services provided during the financial year and/or the prior corresponding period are provided in Note 19 to the financial statements.

### **Likely developments**

Other than as contained within the Directors' Report, above, likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

### **Remuneration report summary**

This remuneration report forms part of the Directors' Report and details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The current key management personnel all acted in their roles for entire financial year unless otherwise stated, are as follows.

The key management personnel of the Company are:

- Guy Hedley - Non-Executive Chairman
- Keith Cullen – Managing Director
- Chris Kelesis – Executive Director

This remuneration report outlines the Group's remuneration principals, framework and outcomes for the financial year ended 30 June 2020. The remuneration report is set out under the following main headings:

- principles used to determine the nature and amount of remuneration
- details of remuneration
- service agreements
- share-based compensation (not currently utilised)
- additional disclosures relating to key management personnel

### **Principles used to determine the nature and amount of remuneration**

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate to market and the relevant experience and expertise of key management personnel. The Board of Directors (Board) ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage/alignment of executive compensation when appropriate
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high-performance and high-quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group. Considerations include:

Alignment to Group client and shareholders' interests:

- has economic profit as a core component of plan design
- focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executive
- recognises that Group client satisfaction is a key driver to generating shareholder wealth

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to operations
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

## **DIRECTORS' REPORT – REMUNERATION REPORT**

### **30 June 2020**

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

The Chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting.

### **Executive remuneration**

The Group aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has predominately fixed and in certain circumstances some variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives (none paid during period)
- share-based payments (not currently utilised)
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits are reviewed annually by the Nomination and Remuneration Committee, based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the targets of those executives responsible for meeting those targets. STI payments are granted to executives based on specific targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

### **Group performance and link to remuneration**

No Group performance linked incentives operated, and none were paid during the period.

There were no performance-based shares or options offered or issued during the period and there were no unissued shares or options as at 30 June 2020.



**DIRECTORS' REPORT – REMUNERATION REPORT**  
**30 June 2020**

**Details of remuneration**

**Amounts of remuneration**

Details of the remuneration of key management personnel of the Group are set out in the following tables. Further details are provided below in the Service Agreements section of this Remuneration Report.

	Short term benefits	Long term	Post-employment	
	Salary & fees	Interest not charged	LSL Accrual	Super
				Total
<b>FY2020</b>	\$	\$	\$	\$
<b>Non-Executive Directors</b>				
Guy Hedley (Chairman)	48,000	-	-	48,000
<b>Executive Directors</b>				
Keith Cullen	298,298	31,693	47,933	20,048
Chris Kelesis	190,294	13,522	29,163	17,217

	Short term benefits	Long term	Post-employment	
	Salary & fees	Interest not charged	LSL Accrual	Super
				Total
<b>FY2019</b>	\$	\$	\$	\$
<b>Non-Executive Directors</b>				
Guy Hedley (Chairman)	48,000	-	-	48,000
Jeffrey Zulman	16,042	-	-	16,042
<b>Executive Directors</b>				
Keith Cullen	298,298	22,451	43,490	20,049
Chris Kelesis	190,294	10,288	27,744	17,217

**Fixed and at-risk remuneration**

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed Remuneration		At Risk Remuneration	
	2020	2019	2020	2019
<b>Non-Executive Directors</b>				
Guy Hedley (Chairman)	100%	100%	-	-
<b>Executive Directors</b>				
Keith Cullen	100%	100%	-	-
Chris Kelesis	100%	100%	-	-

Note: Bonuses are at all times at the discretion of the Board and the Managing Director. No bonuses were granted or paid during the period.

**DIRECTORS' REPORT – REMUNERATION REPORT**  
**30 June 2020**

**Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in executive service agreements or, in the case of non-executive directors, letters of engagement. Details of these formal agreements and the effective dates (which do not necessarily reflect the date of initial engagement of the relevant personnel) are as follows:

<b>Name:</b>	Guy Hedley
<b>Title:</b>	Non-executive Director & Chairman
<b>Agreement commenced:</b>	23 November 2014
<b>Date commenced with Group:</b>	10 April 2014
<b>Term of agreement:</b>	No fixed term
<b>Details:</b>	Director's fees for the year ending 30 June 2020 of \$48,000, to be reviewed annually by the Nomination and Remuneration Committee.
<b>Name:</b>	Keith Cullen
<b>Title:</b>	Managing Director and Chief Executive Officer
<b>Agreement commenced:</b>	13 March 2015 or such other date agreed between the executive and the Company. The agreement commenced operation from 1 July 2017.
<b>Term of agreement:</b>	3 years
<b>Date commenced with Group:</b>	10 October 2010
<b>Details:</b>	Annual remuneration of \$318,346 including superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 6-month termination notice by either party, cash bonus of up to 50% of base salary at the discretion of the Board, non-solicitation and non-compete clauses.
<b>Name:</b>	Chris Kelesis
<b>Title:</b>	Executive Director
<b>Agreement commenced:</b>	13 March 2015 or such other date agreed between the executive and the Company. The agreement commenced operation on 1 July 2017.
<b>Date commenced with Group:</b>	10 October 2010
<b>Term of agreement:</b>	3 years
<b>Details:</b>	Annual remuneration of \$207,511 including superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 6-month termination notice by either party, cash bonus of up to 40% of base salary at the discretion of the Board and the Managing Director, non-solicitation and non-compete clauses.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

## **Additional disclosures relating to key management personnel**

### **Shareholdings**

All shares held by key management personnel are at their discretion as there is no requirement in the Company's constitution, in executive services agreements or letters of engagement for key management personnel to hold shares.

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at start of year	Additions	Disposals	Balance at the end of year
<b>Ordinary shares</b>				
Guy Hedley	387,842	-	-	387,842
Keith Cullen	34,789,007	600,000	-	35,389,007
Chris Kelesis	20,853,099	600,000	-	21,453,099
	56,029,948	1,200,000	-	57,229,948

No shares acquired by key management personnel were granted as remuneration during the year.

### **Loans to Key Management Personnel**

The Group provided loans to certain key management personnel during the year. The table below sets out the details of the balances of those loans in the aggregate at the beginning and end of the period. Loans outstanding at the end of the current year are unsecured and repayable on demand. There is no interest payable on the loans.

	Balance at 1 July 2019	Interest paid or payable	Interest not charged	Write-downs and allowances	Highest balance during year	Balance at 30 June 2020	No. in group at year end
Keith Cullen	431,750	-	31,693	-	609,491	609,491	
Chris Kelesis	197,855	-	13,522	-	260,040	260,040	
<b>Total</b>	<b>629,605</b>	<b>-</b>	<b>45,215</b>	<b>-</b>	<b>869,531</b>	<b>869,531</b>	<b>2</b>

### **Shared facilities agreement**

Atlas Advisors Australia Pty Ltd, a company of which Guy Hedley is the chairman and a shareholder, maintains an office space within the Group's Sydney headquarters and Melbourne office and contributes \$131,856 per annum to shared facilities. The shared facilities agreement terms and rate are considered as being on an arm's length basis.

*This concludes the remuneration report, which has been audited.*

**DIRECTORS' REPORT**  
**30 June 2020**

**Lead Auditor's Declaration**

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2020 has been received and forms part of the Directors' Report. It can be found on page 14 of the financial report.

**Rounding of Amounts**

Some amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars in accordance with ASIC Legislative Instrument 2018/191.

**Signed in Sydney this 29th day of September 2020 in accordance with a resolution of the Board of Directors of WT Financial Group Limited.**



Guy Hedley  
**Chairman**



Keith Cullen  
**Managing Director**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

As lead auditor of WT Financial Group Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in relation to WT Financial Group Limited and the entities it controlled during the year.

**Rothsay Audit & Assurance Pty Ltd**



**Frank Vrachas**

Director

Sydney, 29 September 2020

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
for the year ended 30 June 2020

		2020	2019
	Note	\$	\$
Revenue	2	12,056,928	10,457,449
Other income	2	739,043	182,259
		12,795,971	10,639,708
Less:			
Direct cost of sales expenses	3	(6,705,199)	(5,126,760)
Employee benefits expense	3	(2,891,887)	(3,480,692)
Advertising & marketing expenses	3	(154,635)	(351,728)
Consulting & professional fee expenses	3	(402,932)	(283,331)
Rental expenses	3	(381,395)	(927,167)
Other operating expenses	3	(1,048,188)	(994,805)
		1,211,735	(524,775)
Less:			
Finance costs	3	(280,865)	(249,552)
Depreciation & amortisation expense	3	(870,936)	(417,203)
Disposal of intangible assets	3	(789,716)	-
Loss on disposal of furniture & equipment	3	-	(2,007)
<b>Profit (loss) before income tax</b>		<b>(729,782)</b>	<b>(1,193,537)</b>
Income tax benefit	5	328,872	264,622
<b>Profit (loss) after income tax expenses for the year</b>		<b>(400,910)</b>	<b>(928,915)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income (loss) for the year</b>		<b>(400,910)</b>	<b>(928,915)</b>

**Earnings per share for profit (loss) from continuing operations  
attributable to the owners of WT Financial Group Limited**

	Note	2020	2019
		Cents	Cents
Basic earnings per share (cents)	14	(0.271)	(0.651)
Diluted earnings per share (cents)	14	(0.271)	(0.651)

*The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at 30 June 2020

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	6	1,413,559	1,045,182
Trade and other receivables	7	1,769,873	1,557,429
Other assets	10	486,230	612,805
Current tax assets		-	(291,756)
<b>TOTAL CURRENT ASSETS</b>		<b>3,669,662</b>	<b>2,923,660</b>
NON-CURRENT ASSETS			
Trade and other receivables	7	-	466,501
Property, plant and equipment	8	880,492	486,787
Deferred tax assets		3,690,061	3,326,481
Investments		125,000	324,609
Intangible assets	9	6,851,539	7,027,140
<b>TOTAL NON-CURRENT ASSETS</b>		<b>11,547,092</b>	<b>11,631,518</b>
<b>TOTAL ASSETS</b>		<b>15,216,754</b>	<b>14,555,178</b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	11	2,294,734	2,012,951
Provisions	12	172,663	155,549
Borrowings secured	11	360,000	290,000
Borrowings unsecured	11	58,996	-
Other liabilities	12	146,250	135,000
Lease liabilities		382,876	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,415,519</b>	<b>2,593,500</b>
NON-CURRENT LIABILITIES			
Trade and other payables	11	3,953	223,749
Provisions	12	153,998	127,629
Borrowings secured	11	345,000	625,000
Borrowings unsecured	11	454,599	513,595
Deferred tax liabilities		1,917,373	1,882,662
Lease liabilities		340,579	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,215,502</b>	<b>3,372,635</b>
<b>TOTAL LIABILITIES</b>		<b>6,631,021</b>	<b>5,966,135</b>
<b>NET ASSETS</b>		<b>8,585,733</b>	<b>8,589,043</b>
<b>EQUITY</b>			
Issued capital	13	19,292,712	18,895,112
Reserves		26,659	26,659
Accumulated Dividends		(6,827,069)	(6,827,069)
Accumulated Profit/Loss		(3,906,569)	(3,505,659)
Retained earnings		(10,733,638)	(10,332,728)
<b>TOTAL EQUITY</b>		<b>8,585,733</b>	<b>8,589,043</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended 30 June 2020

<b>2020</b>	<b>Ordinary Shares</b>	<b>Accumulated profit/ (loss)</b>	<b>Option Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2019</b>	<b>18,895,112</b>	<b>(10,332,728)</b>	<b>26,659</b>	<b>8,589,043</b>
Profits attributable to members of the parent entity		<b>(400,910)</b>		<b>(400,910)</b>
<i>Transactions with owners in their capacity as owners</i>				
Dividends provided for or paid		-	-	-
Shares issued during the year	<b>397,600</b>	-	-	<b>397,600</b>
Transaction costs	-	-	-	-
<b>Balance 30 June 2020</b>	<b>19,292,712</b>	<b>(10,733,638)</b>	<b>26,659</b>	<b>8,585,733</b>

  

<b>2019</b>	<b>Ordinary Shares</b>	<b>Accumulated profit/ (loss)</b>	<b>Option Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2018</b>	<b>18,895,112</b>	<b>(9,403,813)</b>	<b>26,659</b>	<b>9,517,958</b>
Profits attributable to members of the parent entity		<b>(928,915)</b>		<b>(928,915)</b>
<i>Transactions with owners in their capacity as owners</i>				
Dividends provided for or paid		-	-	-
Shares issued during the year	-	-	-	-
Transaction costs	-	-	-	-
<b>Balance 30 June 2019</b>	<b>18,895,112</b>	<b>(10,332,728)</b>	<b>26,659</b>	<b>8,589,043</b>

*The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.*



**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the year ended 30 June 2020

	Note	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers		14,854,752	12,035,059
Payments to suppliers and employees		(13,861,128)	(12,595,527)
Net interest received / (paid)		(284,196)	(175,731)
Income taxes paid		-	1,382,176
Net cash provided by / (used in) operating activities	23	709,428	645,977
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from disposal of risk ledger		-	360,400
Proceeds from disposal of plant & equipment		-	11,006
Sale/ (Purchase) of intangible assets		-	(4,054)
Proceeds from disposal of 50% of Spring FG Digital Pty Ltd		125,000	-
Purchase of Plant and equipment		(2,325)	(14,487)
Loans (to) / from related parties - payments made		(239,926)	(171,732)
Net cash provided by / (used in) investing activities		(117,251)	181,133
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		(210,000)	(1,025,000)
Issue of ordinary shares		397,600	-
Repayment of lease liabilities		(411,400)	-
Net cash provided by / (used in) financing activities		(223,800)	(1,025,000)
Net increase/(decrease) in cash and cash equivalents held		368,377	(197,890)
Cash and cash equivalents at beginning of year		1,045,182	1,243,072
Cash and cash equivalents at end of financial year		1,413,559	1,045,182

*The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 1. Summary of Significant Accounting Policies

The financial report of WT Financial Group Limited (formerly: Spring FG Limited) for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 29 September 2020. The principal accounting policies adopted in the preparation of the financial statements are set out in this Note 1, below. These policies have been consistently applied to all the years presented.

The Group has adopted all of the new, revised or amending Accounting Standards issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The adoption of these Accounting Standards did not have any significant impact on the financial performance or position of the Group.

No new, revised or amending Accounting Standards that are not yet mandatory have been adopted early.

#### 1.a Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards as issued by the Australian Accounting Standards Board and other authoritative pronouncements of the Australian Accounting Standards Board. The Company is a 'for profit company'.

These financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements are based on historical costs, except for the measurement at fair value of selected noncurrent assets, financial assets and financial liabilities.

#### 1.b Current and Non-Current Classification

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

An asset is current when: it is expected to be realised or intended to be sold or consumed in the normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve 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 twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; held primarily for the purpose of trading; is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer 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.

#### 1.c Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### 1.d Leases

At the lease commencement, the Company recognises a right of use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right of use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right of use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right of use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

### *Exceptions to lease accounting*

The Company has elected to apply the exceptions to lease accounting for both short term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

### **1.e Adoption of New and Revised Accounting Standards**

The Company has adopted all standards which became effective for the first time at 31 December 2019.

The Company has adopted AASB 16 Leases using the modified retrospective approach from 1 July 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

On adoption of AASB 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019.

The weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 12%.

The following adjustments were recognised at 1 July 2019:

	<b>1 July 2019</b>
Right of Use Asset	<b>\$1,134,855</b>
Lease Liability	<b>\$1,134,855</b>

### **1.f Critical Accounting Estimates and Judgements**

The preparation of 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.

A summary of the key matters affected by management's estimates and judgements is set out below in this Note 1 (f).

#### **Revenue**

The Group recognises revenue in accordance with AASB 15. Estimates and judgements are used when considering each party's rights related to the services to be provided under contracts; the timing for delivery of same (if applicable); and the contract price and payment terms. In circumstances where the Group acts as an agent, judgement is involved in determining when the Group is entitled to revenue based on the nature and form of the contract. In circumstances where the group acts as a principal, judgment is involved when determining when the performance obligations are fulfilled.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

### Intangible assets

Intangible assets, other than goodwill generally have finite useful lives. Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost, with finite life intangible assets subsequently measured at cost less amortisation and any impairment.

Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Similarly, goodwill has an indefinite life and is not amortised. Instead, goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

Estimates, assumptions and judgements are used when considering amortisation charges for intangible assets, the method and useful lives of finite life intangible assets and impairment losses on goodwill.

The method and useful lives of finite life intangible assets are reviewed annually with changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Further details of estimates, judgements and assumptions related to intangible assets are included in Note 9, below.

### Plant & equipment

Estimates and judgements are used when considering the depreciation method, useful life and residual value of each asset at the end of each annual reporting period. Further details are provided at Note 8.

## 2. Revenue and other income

In accordance with AASB 15, the Group recognises revenue from contracts that establish each party's rights related to the services to be provided; the timing for delivery of same (if applicable); and the contract price and payment terms.

In acting as principal in providing professional services directly to clients (as in the case of financial advice fees, estate planning fees, and accounting and tax advice and compliance work) the Group's contracts are generally based on a formal authority to proceed; an engagement letter; or in some cases written or verbal instructions.

In circumstances when the Group acts as an AFSL Licensee holder and derives revenue generated by authorised representatives, the Group is considered to be acting as an agent under the requirements of AASB 15. Financial advisory fees consist of commissions and fee for service revenue and are earned for providing customers with financial advice and performing related advisory services. A substantial majority of financial advisory fees received are paid to advisers under the AFSL Licence. Financial advisory fees are presented gross of the related cost which is presented in Fees and commission expenses in the financials.

In circumstances where the Group acts as a principal its contracts may contain multiple performance obligations such as when it is engaged to provide financial advice on an ongoing basis and under the same engagement provide ongoing accounting, tax or equities brokerage services (as an example).

The Group's contracts comprise performance obligations around completing client deliverables in line with engagement letter terms (based on the agreed billing method, standard of work and timeline). Certain contracts the Group's bundle a group of services together for an agreed price; such as when it provides its clients ongoing SMSF administration, compliance, real-time accounting and advice services, bundled with year-end compliance and tax services. Under AASB 15, the Group must evaluate the separability of the promised services based on whether they are 'distinct'. A promised service is 'distinct' if both:

- The customer benefits from the item either on its own or together with other readily available resources; and
- It is 'separately identifiable' (i.e. the Group does not provide a significant service integrating, modifying or customising it)

Accounting services revenue is recognised over a period of time, with financial services revenue being recognised at a point in time.

In such circumstances the Group allocates a portion of the contract price to each separately identifiable performance obligation or group of obligations within the bundle and recognises revenue as those obligations are satisfied.

Performance obligations may be satisfied either at a specific point in time (such as the introduction of a buyer under an agency agreement, or execution of an equities trade on behalf of a client); or over time (such as in the case of providing ongoing advice services or monthly accounting or administration services).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 2. Revenue and other income – continued

Whether acting as principal or agent, the Group generally recognises revenue in arrears of completing its performance obligations and receives payment in arrears when it has satisfied its performance obligations.

In circumstances where the Group invoices, and/or receives payment, in advance of satisfying performance obligations, it recognises unearned revenue until such time as each of the performance obligations in the contract is satisfied.

As at June 2020 the Group has \$146,250 in unearned income (contract liabilities) related to year-end compliance and tax-service obligations associated with bundled SMSF administration, compliance, real-time accounting and advice services. The Group expects all performance obligations that were not satisfied as at 30 June 2020 to be satisfied within 12 months and to recognise 100% of the unearned revenue in FY2021.

The Group generally receives prompt payment when it satisfies performance obligations generally resulting in cash flow from a contract/s closely matching revenue from a contract/s during any given reporting period.

The exception to this being real property investment referral fees and commissions associated with residential property projects that the Group's clients have invested in that are yet to be completed.

	2020	2019
	\$	\$
<b>Revenue - provision of services</b>	<b>12,056,928</b>	10,457,449
<b>Other Income</b>		
- finance income (interest received)	14,644	68,349
- Government grants	430,071	-
- other income	294,328	113,910
<b>Total Other Income</b>	<b>739,043</b>	182,259
	<b>12,795,971</b>	10,639,708

#### Finance income

Finance income includes all interest-related income, other than that arising from financial assets at fair value through profit or loss.

#### Shared facilities income

Shared facilities income relates to a sub-lease arrangement at the Group's Sydney offices.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 3. Expenses

Details of total expenses	2020 \$	2019 \$
<b>Direct costs to generate revenue</b>		
Direct Financial Planning costs	6,445,846	4,734,660
Direct Accounting Services costs	258,215	331,140
Direct Real Property costs	(17,593)	42,909
Direct Finance costs	18,731	18,051
	<b>6,705,199</b>	<b>5,126,760</b>
<b>Employee benefits expense</b>		
Amounts paid to staff	2,466,640	2,919,177
Superannuation	218,622	283,410
Consultants, contractors & directors' fees	48,000	83,275
Other employment expenses	158,625	194,830
	<b>2,891,887</b>	<b>3,480,692</b>
<b>Advertising &amp; marketing expenses</b>	<b>154,635</b>	<b>351,728</b>
<b>Consulting &amp; professional fees</b>		
Audit & taxation fees	74,955	112,250
Legal fees	67,124	145,284
Other professional fees	260,853	25,797
	<b>402,932</b>	<b>283,331</b>
<b>Rental expenses</b>	<b>381,395</b>	<b>927,167</b>
<b>Other operating expenses</b>		
Travel & accommodation	90,323	84,101
IT and telephone expenses	279,442	234,929
Insurance	282,116	200,974
Licences, memberships & subscriptions	155,065	153,715
Office equipment and other leases	36,777	88,637
Bad debts written-off	52,000	98,356
Printing, stationery, postage and couriers	42,000	39,927
Other expenses	110,465	94,166
	<b>1,048,188</b>	<b>994,805</b>
<b>Impairment &amp; disposal of intangible assets</b>		
SMSF administration sale price adjustment	789,716	-
Disposal of intangible assets	-	-
Loss on disposal of fixed asset	-	2,007
	<b>789,716</b>	<b>2,007</b>
<b>Depreciation &amp; amortisation expense</b>		
Fixed assets	695,336	202,292
Intangible assets	175,600	214,911
	<b>870,936</b>	<b>417,203</b>
<b>Finance costs</b>		
Interest paid	280,865	249,552
<b>Total Expenses</b>	<b>13,525,753</b>	<b>11,833,245</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 4. 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 Maker (CODM). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. The consolidated entity is organised into two separate operating segments:

- Financial planning, investment advice and product sales. This segment includes the provision of a diverse range of financial services encompassing financial planning in self-managed superannuation funds (SMSFs) and direct and SMSF residential real estate investment.; and
- Accounting and taxation services. This segment includes the provision of a comprehensive range of accounting and taxation advice and solutions for investors and small to medium businesses.

All other transactions are recorded as All other segments. Included in EBITDA of All other segments are Group overhead expenses.

#### (a) Segment performance

2020	Fin planning investment advice & product sales	Accounting & tax services	All other segments	Total
	\$	\$	\$	\$
<b>REVENUE</b>				
Sales	10,908,438	1,120,669	27,821	12,056,928
Other income	346,322	53,429	324,648	724,399
Interest revenue	5,157	2	9,485	14,644
Total segment revenue	11,259,917	1,174,100	361,954	12,795,971
<b>EBITDA</b>	2,683,834	644,250	(2,116,349)	1,211,735
SMSF admin sale	-	-	(789,716)	(789,716)
Interest expenses	(148,224)	-	(132,641)	(280,865)
Depreciation & amortisation	(70,948)	-	(799,988)	(870,936)
<b>Net profit before tax</b>	2,464,662	644,250	(3,838,694)	(729,782)

  

2019	Fin planning investment advice & product sales	Accounting & tax services	All other segments	Total
	\$	\$	\$	\$
<b>REVENUE</b>				
Sales	8,990,657	1,254,317	292,948	10,537,922
Other income	3,473	55,355	(25,391)	33,437
Interest revenue	35	4	68,310	68,349
Total segment revenue	8,994,165	1,309,676	335,867	10,639,708
<b>EBITDA</b>	1,884,130	676,139	(3,085,045)	(524,776)
Interest expenses	(223,012)	-	(26,540)	(249,552)
Depreciation & amortisation	(45,374)	-	(373,836)	(419,210)
<b>Net profit before tax</b>	1,615,744	676,139	(3,485,421)	(1,193,538)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

2020	Fin planning investment advice & product sales	Accounting & tax services	All other segments	Total
	\$	\$	\$	\$
Segment assets	4,966,798	1,763,466	8,486,490	15,216,754
Segment liabilities	(1,461,716)	(648,617)	(4,520,688)	(6,631,021)
<b>Net assets</b>	<b>3,505,082</b>	<b>1,114,849</b>	<b>3,965,802</b>	<b>8,585,733</b>

2019	Fin planning investment advice & product sales	Accounting & tax services	All other segments	Total
	\$	\$	\$	\$
Segment assets	6,587,327	1,725,826	6,242,025	14,555,178
Segment liabilities	(1,985,488)	(480,867)	(3,499,780)	(5,966,135)
<b>Net assets</b>	<b>4,601,839</b>	<b>1,244,959</b>	<b>2,742,245</b>	<b>8,589,043</b>

The Group's operating segments are based on the internal reports on at least a monthly basis that are reviewed and used by the Managing Director and Board. The Managing Director has been identified as the CODM, as they assess performance and determine the allocation of resources. There is no aggregation of operating segments. The CODM reviews segment profits (Segment EBITDA). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements of the consolidated entity. All sales were made in Australia and all assets are within in Australia. No single customer represents more than 10% of group revenue. The table below sets out the performance of each operating segment.

### 5. Income Tax Expense

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 changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered, or liabilities settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits.
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.
- Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed 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 entity's which intend to settle simultaneously.

WT Financial Group Limited (the 'parent entity' and 'head entity') and its wholly owned subsidiaries have formed an



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 30 June 2020

income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group. In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

**(a) The major components of tax expense (income) comprise**

	2020	2019
	\$	\$
<b>Current tax payable</b>	-	-
(Increase)/decrease in movement in deferred tax asset	<b>(363,579)</b>	(1,926,516)
Increase/(decrease) in movement in deferred tax liability	<b>34,708</b>	1,398,392
Increase/decrease in movement in current tax liability	<b>(1)</b>	263,502
Overprovision of tax in prior years	-	-
<b>Income tax expense for continuing operations</b>	<b>(328,872)</b>	(264,622)

**(b) Reconciliation of income tax to accounting profit**

	2020	2019
	\$	\$
Profit (loss)	<b>(729,782)</b>	(1,193,537)
Tax	<b>27.5%</b>	27.5%
	<b>(200,690)</b>	(328,223)
Add:		
Tax effect of:		
- amortisation of intangibles	<b>48,290</b>	59,101
- other non-assessable income or deductible expense	-	4,500
	<b>(152,400)</b>	(264,622)
Less:		
Tax effect of:		
- Other non-assessable items	<b>(176,472)</b>	-
<b>Income tax benefit</b>	<b>(328,872)</b>	(264,622)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 6. Cash & cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Short-term deposits are for set periods of no more than 3 months. The Group's approach to managing risk exposure associated with cash and cash equivalents is set out in Note 16 below.

Cash & Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

	2020	2019
	\$	\$
Cash at hand and in bank	956,199	587,822
Short-term deposits	457,360	457,360
<b>Balance as per statement of cash flows</b>	<b>1,413,559</b>	<b>1,045,182</b>

### 7. Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment.

Trade receivables for professional service fees and accounting & tax services are generally received within 30 to 60 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired.

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

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

#### (a) Current & non-current trade receivables

	2020	2019
	\$	\$
<b>CURRENT</b>		
Trade receivables	479,802	468,952
Allowance for impairment	(82,040)	(75,540)
	<b>397,762</b>	<b>393,412</b>
Loan to related parties	869,531	629,605
Other receivables	502,580	534,412
	<b>1,372,111</b>	<b>1,164,017</b>
<b>Total current trade and other receivables</b>	<b>1,769,873</b>	<b>1,557,429</b>
<b>NON-CURRENT</b>		
Trade receivables	-	466,501
<b>Total non-current trade and other receivables</b>	<b>-</b>	<b>466,501</b>
	<b>1,769,873</b>	<b>2,023,930</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

### (b) Advances to executives

Movements in advances to executives are shown in table below:

	2020	2019
	\$	\$
Balance at beginning of the year	629,605	457,873
Advances	239,926	171,732
<b>Balance at end of the year</b>	<b>869,531</b>	<b>629,605</b>

### (c) Credit Risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as 'trade and other receivables' is considered to be the main source of credit risk related to the Group.

The table in 7 (d) below details the Group's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction.

Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Group.

### (d) Impairment of trade & other receivables

An allowance for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired.

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly.

	Gross amount	Past due & impaired	Within initial trade terms
2020	\$	\$	\$
Trade & other receivables	479,802	(82,040)	397,762
Other receivables	1,372,111	-	1,372,111
<b>Total</b>	<b>1,851,913</b>	<b>(82,040)</b>	<b>1,769,873</b>

  

	Gross amount	Past due & impaired	Within initial trade terms
2019	\$	\$	\$
Trade & other receivables	935,453	(75,540)	859,913
Other receivables	1,164,017	-	1,164,017
<b>Total</b>	<b>2,099,470</b>	<b>(75,540)</b>	<b>2,023,930</b>

The Group does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired. The Group does not hold any collateral over any receivables balances. The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 8. Plant & equipment

Classes of plant and equipment are measured using the cost model as specified below. Assets are carried at its cost less any accumulated depreciation and any impairment.

#### (a) Depreciation

Plant and equipment is depreciated on a reducing balance basis over the assets useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Plant and Equipment	10% - 20%
Leasehold improvements	16.66%
Low Value Asset Pool	25%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

	2020	2019
	\$	\$
<b>PLANT AND EQUIPMENT</b>		
Furniture, fixtures and fittings		
At cost	478,711	478,711
Accumulated depreciation	(430,039)	(360,949)
Total furniture, fixtures and fittings	48,672	117,762
Office equipment		
At cost	91,650	89,325
Accumulated depreciation	(76,457)	(58,811)
Total office equipment	15,193	30,514
Leasehold improvements		
At cost	522,447	666,747
Accumulated depreciation	(330,081)	(328,236)
Total improvements	192,366	338,511
Assets under lease		
At cost	1,134,855	-
Accumulated depreciation	(510,594)	-
Total improvements	624,261	-
Total plant and equipment	880,492	486,787
<b>At cost</b>	<b>2,227,663</b>	<b>1,234,783</b>
<b>Accumulated depreciation</b>	<b>(1347,171)</b>	<b>(747,996)</b>
<b>Total plant and equipment</b>	<b>880,492</b>	<b>486,787</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

### (c) Movements in carrying amounts of plant and equipment

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	Furniture, fixtures and fittings	Office equipment	Leasehold improvement	Assets under lease	Total
<b>Year ended 30 June 2020</b>					
Balance beginning of year	117,762	30,514	338,511	-	486,787
Additions	-	2,325	-	1,134,855	1,137,180
Disposals	-	-	(144,300)	-	(144,300)
Depreciation expenses	(69,090)	(17,646)	(1,845)	(510,594)	(599,175)
<b>Balance at the end of year</b>	<b>48,672</b>	<b>15,193</b>	<b>192,366</b>	<b>624,261</b>	<b>880,492</b>
<b>Year ended 30 June 2019</b>					
Balance beginning of year	185,345	52,413	440,084	-	677,842
Additions	5,883	554	8,050	-	14,487
Disposals	(4,111)	(12,531)	(1,215)	-	(17,857)
Depreciation expenses	(69,355)	(9,922)	(108,408)	-	(187,685)
<b>Balance at the end of year</b>	<b>117,762</b>	<b>30,514</b>	<b>338,511</b>	<b>-</b>	<b>486,787</b>

### 9. Intangible assets

Intangible assets, other than goodwill generally have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in profit or loss.

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment.

Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

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

#### Estimation of useful life of assets

Finance revenue books acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit. The expected benefit of acquired finance revenue books, based on the typical duration of investor loans with assumptions made about patterns of repayment and refinancing, is 7.5 years.

The eBook library acquired in a business combination is amortised on a straight-line basis over the period of their expected benefit, considered to be 10 years. Any costs associated with adding to the eBook library or significantly updating existing eBooks are capitalised and considered to be a 'new' eBook which is then amortised over its useful life. The useful life of an eBook is considered to be 10 years.

#### Goodwill impairment disclosure

For the purpose of impairment testing, goodwill and indefinite life intangibles are allocated to cash-generating units which form part of or are based on the Group's operating divisions. The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill. The aggregate carrying amount of goodwill allocated to each CGU is:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

Description of the cash-generating unit (CGU)	2020	2019
	\$	\$
Financial planning, investment advice & product sales	4,666,284	4,666,284
Accounting & taxation services	1,480,000	1,480,000
<b>Total</b>	<b>6,146,284</b>	<b>6,146,284</b>

The recoverable amount of each cash-generating unit above is determined based on fair value less cost of disposal. There is sufficient information available in the market to determine fair value of each CGU.

### (a) Intangible assets

	2020	2019
	\$	\$
<b>Goodwill</b>		
Financial advice business - at cost	4,666,284	4,666,284
Accounting & tax business - at cost	1,480,000	1,480,000
<b>Total Goodwill</b>	<b>6,146,284</b>	<b>6,146,284</b>
Website development		
Cost	474,163	474,163
Accumulated amortisation	(271,719)	(212,567)
<b>Net carrying value</b>	<b>202,444</b>	<b>261,596</b>
Finance Income book		
Cost	198,000	198,000
Accumulated amortisation	(155,487)	(129,087)
<b>Net carrying value</b>	<b>42,513</b>	<b>68,913</b>
eBook library		
Cost	298,626	298,626
Accumulated amortisation	(119,268)	(89,505)
<b>Net carrying value</b>	<b>179,358</b>	<b>209,121</b>
Lead Database		
Cost	84,773	84,773
Accumulated amortisation	(42,425)	(33,948)
<b>Net carrying value</b>	<b>42,348</b>	<b>50,825</b>
Insurance income book		
Cost	117,313	117,313
Accumulated amortisation	(42,166)	(34,345)
<b>Net carrying value</b>	<b>75,147</b>	<b>82,968</b>
<b>Other intangible assets</b>		
Cost	290,648	297,687
Accumulated amortisation	(127,203)	(90,254)
<b>Net carrying value</b>	<b>163,445</b>	<b>207,433</b>
<b>Total Intangibles net carrying value</b>	<b>6,851,539</b>	<b>7,027,140</b>
<b>Summary of Intangible Assets</b>		
Cost	7,609,807	7,616,846
Accumulated amortisation	(758,268)	(589,706)
<b>Net carrying value</b>	<b>6,851,539</b>	<b>7,027,140</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

## (b) Movements in carrying amounts of intangible assets

	Website development	Insurance book	Finance income book	Lead database
<b>Year ended 30 June 2020</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance beginning of year	261,596	82,968	68,913	50,825
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation and impairment	(59,152)	(7,821)	(26,400)	(8,477)
<b>Balance at the end of year</b>	<b>202,444</b>	<b>75,147</b>	<b>42,513</b>	<b>42,348</b>

	eBook library	Other intangibles	Goodwill	Total
<b>Year ended 30 June 2020</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance beginning of year	209,121	207,433	6,146,284	7,027,140
Additions	-	-	-	-
Disposals	-	(7,039)	-	(7,039)
Depreciation and impairment	(29,763)	(36,949)	-	(168,562)
<b>Balance at the end of year</b>	<b>179,358</b>	<b>163,445</b>	<b>6,146,284</b>	<b>6,851,539</b>

	Website development	Insurance book	Finance income book	Lead database
<b>Year ended 30 June 2019</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance beginning of year	353,452	90,789	95,313	59,303
Additions	-	-	-	-
Disposals	(20,309)	-	-	-
Depreciation and impairment	(71,547)	(7,821)	(26,400)	(8,478)
<b>Balance at the end of year</b>	<b>261,596</b>	<b>82,968</b>	<b>68,913</b>	<b>50,825</b>

	eBook library	Other intangibles	Goodwill	Total
<b>Year ended 30 June 2019</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance beginning of year	251,275	251,344	6,146,284	7,247,760
Additions	-	4,054	-	4,054
Disposals	(12,768)	-	-	(33,077)
Depreciation and impairment	(29,386)	(47,965)	-	(191,597)
<b>Balance at the end of year</b>	<b>209,121</b>	<b>207,433</b>	<b>6,146,284</b>	<b>7,027,140</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 30 June 2020

**10. Other Assets**

	2020	2019
	\$	\$
<b>CURRENT</b>		
Prepaid expenses and deposits	456,287	224,507
Accrued income	1,588	363,298
Other assets & receivables	28,355	25,000
	<b>486,230</b>	<b>612,805</b>

**11. Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid.

All amounts in trade and other payables due to be paid in the short term are classified as current liabilities. These amounts are unsecured and are usually paid within 30 days of recognition. Those amounts due to be paid after 12 months are classified as non-current liabilities. Carrying values of trade and other payables are considered to be a reasonable approximation of fair value.

	2020	2019
	\$	\$
<b>CURRENT</b>		
<i>Unsecured liabilities</i>		
Trade payables	1,013,327	943,990
GST payable	340,963	190,375
Superannuation payable	70,669	81,300
Payroll tax payable	63,236	23,203
Accrued wages and sales commissions	89,361	632,584
Accrued professional services	296,195	67,408
Accrued occupancy costs	-	31,240
Income tax provision	291,756	-
Interest accrued	11,877	29,852
Other accruals	117,350	13,000
	<b>2,294,734</b>	<b>2,012,951</b>
<i>Secured liabilities</i>		
Borrowings - Receivables facility	360,000	290,000
<i>Unsecured liabilities</i>		
Convertible note	58,996	-
<b>NON-CURRENT</b>		
<i>Unsecured liabilities</i>		
Trade payables	3,953	3,953
Accrued occupancy costs	-	219,796
Convertible note	454,599	513,595
	<b>458,552</b>	<b>737,344</b>
<i>Secured liabilities</i>		
Borrowings - Receivables facility	345,000	625,000



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

### (a) Borrowings – Receivables facility

The Group has a loan facility secured by property related receivables of its Spring FG Realty subsidiary and the Group's future settlement receivable book (and guaranteed by the Company) to enable it to leverage these receivables to access working and expansion capital.

Under the facility, as at 30 June 2020 the Group had a balance of \$705k outstanding, principal and interest payments are made in accordance with an agreed schedule over a 30-month period from 1 February 2018. Principal payments are scheduled to correlate with the Group's expected receipt of settlement commissions.

The Group may make principal payments in excess of the schedule, and/or repay the facility in full at any time during the term without penalty. The facility agreement has an interest rate of 12%.

### 12. Other Liabilities

In circumstances where the Group invoices, and/or receives payment, in advance of satisfying performance obligations, it recognises unearned revenue until such time as each of the performance obligations in the contract is satisfied.

As at June 2020 the Group has \$146,250 in unearned income (contract liabilities) related to year-end compliance and tax-service obligations associated with bundled SMSF administration, compliance, real-time accounting and advice services.

The Group expects all performance obligations that were not satisfied as at 30 June 2020 to be satisfied within 12 months and to recognise 100% of the unearned revenue in FY2019.

	2020	2019
	\$	\$
<b>CURRENT</b>		
Unearned income	146,250	135,000
	146,250	135,000

### Employee Entitlements

Employee entitlements are recognised when the Group has a present (legal or constructive) obligation as a result of past events, 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 liability 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, the liability is discounted using a current pre-tax rate specific to the liability. The increase in the liability resulting from the passage of time is recognised as a finance cost.

### Short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and leave entitlements are expected to be settled within 12 months of the reporting date and recognised in current liabilities in respect of employees' services up to the reporting date; measured at the amounts expected to be paid when the liabilities are settled.

	2020	2019
	\$	\$
<b>CURRENT</b>		
Leave liabilities		
Present value obligations	172,663	155,549
	172,663	155,549
<b>NON-CURRENT</b>		
Leave liabilities		
Present value obligations	153,998	127,629
	153,998	127,629

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 13. Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Dividends payable to shareholders are recognised when declared during the financial year and no longer at the discretion of the Company.

	2020	2019
	No.	No.
At the beginning of the reporting period	142,590,868	142,590,868
Shares issued during the year		
Issued 4 November 2019 – share purchase plan	7,952,000	-
<b>At the end of the reporting period</b>	<b>150,542,868</b>	<b>142,590,868</b>

#### Movements in issued capital

##### (a) Ordinary shares

	2020	2019
	\$	\$
Balance at beginning of reporting period	18,895,112	18,895,112
Issued 4 November 2019 – share purchase plan	397,600	-
	<b>19,292,712</b>	<b>18,895,112</b>

##### (b) Voting rights

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Group. On a show of hands at meetings of the Group, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote. The Group does not have authorised capital or par value in respect of its shares.

There are no options or rights outstanding.

##### (c) Capital Management

Capital of the Group is managed in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and to ensure that the Group can fund its operations and continue as a going concern.

The Group's capital comprises share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements, except base level financial requirements prescribed in the Australian Financial Services Licence held by the Company's subsidiaries SFGW Pty Ltd and Wealth Today Pty Ltd.

The Group monitors capital through the gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is defined as equity per the consolidated statement of financial position plus net debt.

### 14. Earnings per share

#### Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

#### Diluted earnings per share

Diluted earnings per share adjusts the basic earnings per share to take into account the after-income tax effect of financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

	2020	2019
	\$	\$
<b>Profit (loss) after income tax</b>	<b>(400,910)</b>	<b>(928,915)</b>

	2020	2019
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<b>147,805,296</b>	142,590,868
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	<b>147,805,296</b>	142,590,868

Earnings per share for profit from continuing operations attributable to the owners of WT Financial Group Limited	2020	2019
<b>Basic earnings per share (cents)</b>	<b>(0.271)</b>	(0.651)
<b>Diluted earnings per share (cents)</b>	<b>(0.271)</b>	(0.651)

### 15. Dividends

The Company has not paid any dividends during the year and to the date of this report.

#### (a) Dividend Re-investment Plan (DRP)

The Company operates a Dividend Reinvestment Plan (DRP) that offers shareholders the opportunity to purchase additional shares in the Company by reinvesting part or all of their periodic dividends.

Under the terms of the DRP the Directors have the ability to limit the amount of dividend which may be invested in subscription for shares under the DRP; determine the issue price for each issue of shares under the DRP and (for so long as the Company is listed on the ASX) determine the discount to the weighted average market price that will be used to calculate the issue price for each issue of shares under the DRP; and suspend, amend or terminate the DRP.

#### (b) Franking credits

	2020	2019
	\$	\$
Opening franking account balance	<b>(1,663,479)</b>	(281,303)
Company tax paid/ (refund)	-	(1,382,176)
Franked dividends paid	-	-
	<b>(1,663,479)</b>	<b>(1,663,479)</b>

### 16. Financial risk management

Financial risk management summary

The Group is exposed to a variety of financial risks through its use of financial instruments. This note discloses the Group's objectives, policies and processes for managing and measuring these risks.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Group does not speculate in financial assets.

The most significant financial risks to which the Group is exposed to are described below:

#### Specific risks

- Liquidity risk
- Credit risk

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

### Financial instruments used

The principal categories of financial instrument used by the Group are:

- Trade receivables
- Cash at bank
- Trade and other payables

### Objectives, policies and processes

Risk management is carried out by the Directors. The Audit & Risk Committee has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Group. These policies and procedures are then approved by the Directors.

Reports are presented to the Directors regarding the implementation and management of these policies by the Audit and Risk Committee under the delegated power from the Board of Directors.

Specific information regarding the mitigation of each financial risk to which the Group is exposed is provided below.

### Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period is identified monthly.

At the reporting date, these reports indicate that the Group is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

The Group's liabilities have contractual maturities which are summarised below:

	Less than 12 months		1 year – 5 years	
	2020	2019	2020	2019
	\$	\$	\$	\$
Trade & other payables	2,294,734	2,012,951	3,953	223,749
Borrowings	418,996	290,000	799,599	1,138,595
<b>Total</b>	<b>2,713,730</b>	<b>2,302,951</b>	<b>803,552</b>	<b>1,362,344</b>

### Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Group's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

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

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

### Interest rate risk

Interest Rate Risk is not a material risk to the Group, as there is minimal exposure to variable interest rates. The secured financing facility set out in Note 11 (a) has a fixed interest rate and is recorded at fair value.

## 17. Leases

### *Statements of Profit or Loss and Other Comprehensive Income*

The amounts recognised in the statements of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2020	2019
	\$	\$
Interest expenses on lease liabilities	112,069	-
Depreciation of right-of-use assets	510,593	-
Occupancy costs	381,395	927,167
	1,004,057	927,167

### Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

Year ended 30 June 2020	<1 year	1-5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement of Financial Position
	\$	\$	\$	\$
Lease liabilities	382,876	378,657	761,533	723,455

## 18. Tax assets and liabilities

### (a) Current tax assets

	2020	2019
	\$	\$
Current tax payable for the period	-	-
Income tax payable carried forward	291,756	291,756
Tax on prior period error adjustment	-	-
Income tax payable (receivable)	291,756	291,756

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

## (b) Recognised deferred tax assets and liabilities

	2020	2019
	\$	\$
Deferred tax assets	3,690,061	3,064,220
Deferred tax liabilities	1,917,373	1,882,665

## (c) Movement in recognised deferred tax assets and liabilities

	Opening Balance \$	Charged to Income \$	Closing Balance \$
<b>Deferred tax assets</b>			
Provisions	72,484	(56,110)	16,374
Tax losses	1,515,284	375,575	1,890,859
Employee entitlements	77,874	22,358	100,232
Accruals	13,365	21,757	35,122
Unused tax credits	1,647,474	-	1,647,474
<b>Balance at 30 June 2020</b>	<b>3,326,481</b>	<b>363,580</b>	<b>3,690,061</b>
Deferred tax assets			
Provisions	83,389	(10,905)	72,484
Tax losses	1,164,332	350,952	1,515,284
Employee entitlements	68,139	9,735	77,874
Accruals	22,742	(9,377)	13,365
Unused tax credits	-	1,647,474	1,647,474
Black hole expenses	61,363	(61,363)	-
<b>Balance at 30 June 2019</b>	<b>1,399,965</b>	<b>1,926,516</b>	<b>3,326,481</b>
<b>Deferred tax liabilities</b>			
Amortisation - intangible assets	452,199	-	452,199
Unused tax credits	1,383,891	-	1,383,891
Prepayments	46,575	34,708	81,283
<b>Balance at 30 June 2020</b>	<b>1,882,665</b>	<b>34,708</b>	<b>1,917,373</b>
<b>Deferred tax liabilities</b>			
Amortisation - intangible assets	452,199	-	452,199
Unused tax credits	-	1,383,891	1,383,891
Prepayments	32,071	14,504	46,575
<b>Balance at 30 June 2019</b>	<b>484,270</b>	<b>1,398,395</b>	<b>1,882,665</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 19. Auditors remuneration

#### Audit services

The table below shows the amounts paid to Rothsay Audit & Assurance Pty Ltd (the current auditor of the parent entity) from 1 July 2018.

	2020	2019
	\$	\$
Auditing or reviewing the financial reports:		
- Remuneration to Rothsay	65,000	115,266
<b>Total</b>	<b>65,000</b>	<b>115,266</b>

### 20. Interest in subsidiaries

#### (a) Principles of consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a 30 June financial year end.

#### Parent entity

The Company was incorporated on 10 April 2014 and is listed on the Australian Stock Exchange (ASX: WTL).

#### Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

#### (b) Composition of the Group

	2020	2019
Name of entities	% owned	% owned
Wealth Today Pty Ltd	100	100
WT Finance Pty Ltd (formerly Spring FG Finance Pty Ltd)	100	100
Spring FG Private Wealth Pty Ltd	100	100
Spring FG Accounting Pty Ltd	100	100
Spring FG Funds Management Pty Ltd	100	100
Spring FG Realty Pty Ltd	100	100
Spring FG Services Pty Ltd	100	100
SRPT Holdings Pty Ltd	100	100
MySuper247 Pty Ltd	100	100
MyTax247 Pty Ltd	100	100
SFGW Pty Ltd (formerly Spring FG Wealth Pty Ltd)	100	100
Spring FG Digital Pty Ltd (50% interest sold on 19 June 2020)	-	50

The principal place of business for all entities listed is Australia.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 21. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (30 June 2019: None).

### 22. Transactions with related parties

#### (a) Summary of related parties

##### (i) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

##### (ii) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members. During the year, there were no transactions undertaken with any Director related entities other than those disclosed below and in Notes 22 (c) and (d).

#### (b) Remuneration of key management personnel

	2020	2019
	\$	\$
Short-term employee benefits	581,807	585,373
Long-term employee benefits	77,096	71,234
Post-employment benefits	37,265	37,266
<b>Total</b>	<b>696,168</b>	<b>693,873</b>

#### (c) Loans to key management personnel

The Group provided loans to certain key management personnel during the year. The table below sets out the details of the balances of those loans in the aggregate at the beginning and end of the period. Loans outstanding at the end of the current year are unsecured and repayable on demand. There is no interest payable on the loans.

	Balance at 1 July 2019	Interest paid and payable on loan	Interest not charged	Write-downs and allowances for doubtful debts	Highest balance during the year	Balance at 30 June 2019	Number in group at end of year
<b>Total</b>	629,605	-	45,215	-	869,531	869,531	2

#### (d) Other transactions with key management personnel

##### *Shared facilities agreement*

Atlas Advisors Australia Pty Ltd, a company of which Guy Hedley is the chairman and a shareholder, maintains an office space within the Group's Sydney headquarters and Melbourne offices and contributes \$131,856 per annum to shared facilities. The shared facilities agreement terms and rate are considered as being on an arm's length basis.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 30 June 2020

**23. Cash flow information****(a) Reconciliation of net income to net cash provided by operating activities**

	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
Net profit (loss)	<b>(400,910)</b>	(928,915)
Income items excluded from operating activities cash flows		
Non-cash flows in profit or loss		
Depreciation and amortisation	<b>718,084</b>	202,292
Amortisation of intangibles	<b>175,601</b>	214,911
SMSF admin write off	<b>789,719</b>	-
Profit on disposal of plant & equipment and intangible assets	-	2,007
Equity accounted loss on associate	-	25,391
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	<b>(195,736)</b>	377,868
- (increase)/decrease in other assets	<b>126,575</b>	(130,591)
- increase/(decrease) in trade and other payables	<b>73,237</b>	(270,034)
- increase/(decrease) in income taxes payable	<b>(620,625)</b>	1,117,269
- increase/(decrease) in employee entitlements	<b>43,483</b>	35,779
Cashflow from operations	<b>709,428</b>	645,977

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

### 24. Parent entity information

Set out below is the supplementary financial information about the parent entity of the Group (WT Financial Group Limited) presented on a stand-alone basis - that is, excluding the consolidation of the financial statements of its subsidiaries and controlled entities.

The parent entity is a non-operating entity.

	2020	2019
	\$	\$
<b>ASSETS</b>		
Current assets	875,335	695,168
Non-current assets	31,948,210	30,682,853
<b>TOTAL ASSETS</b>	<b>32,823,545</b>	<b>31,378,021</b>
<b>LIABILITIES</b>		
Current liabilities	820,498	668,322
Non-current liabilities	21,169,194	19,766,973
<b>TOTAL LIABILITIES</b>	<b>21,989,692</b>	<b>20,435,295</b>
<b>NET ASSETS</b>	<b>10,833,853</b>	<b>10,942,726</b>
<b>EQUITY</b>		
Issued capital	19,292,712	18,895,112
Options Reserve	26,659	26,659
Retained earnings	(8,485,518)	(7,979,040)
<b>TOTAL EQUITY</b>	<b>10,833,853</b>	<b>10,942,731</b>
<b>Current year earnings</b>	<b>(506,478)</b>	<b>(856,832)</b>

### 25. Events Occurring After the Reporting Date

On 6 August 2020 the Company raised \$500,000 cash by way of the issuance of 16,168,351 new ordinary shares in the Company to a single institutional investor for the at an issue price of 3.1 cents per share, representing the 90-day volume weighted average price of the Company's shares.

## DIRECTORS' DECLARATION

The financial report was authorised for issue on 29 September 2020 by the board of directors.

This declaration is made in accordance with a resolution of the board of directors.

(1) In the opinion of the Directors:

- (a) The financial statements, notes and the additional disclosures included in the Directors' Report designated as audited, of the consolidated entity are in accordance with the Corporations Act 2001 and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ending 30 June 2020.

Signed in accordance with a resolution of the Directors.



Guy Hedley  
Chairman



Keith Cullen  
Managing Director

WT FINANCIAL GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

To the members of WT Financial Group Limited:

**Opinion**

We have audited the financial report of WT Financial Group Limited (the "Company") and its controlled entities (the "Group"), which comprises the statement of financial position as at 30 June 2020, 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 a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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WT FINANCIAL GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (continued)

Key Audit Matter - Going Concern	How our Audit Addressed the Key Audit Matter
<p>We note that the financial statements have been prepared on a going concern basis. We note that the Group has a cash balance of \$1.41 million, current assets of \$3.67 million, current liabilities of \$3.41 million and net current assets of \$0.25 million.</p> <p>We also note that the company incurred a loss for the year of \$0.40 million and had cash inflows from operations of \$0.80 million.</p> <p>Going concern was therefore considered a key audit matter.</p>	<p>We considered the current financial position of the Group, Management's forecasts, including plans to return the Group to profitability, actions taken to strengthen balance sheet and results subsequent to year end.</p>
Key Audit Matter - Impairment Assessment of Intangible Assets	How our Audit Addressed the Key Audit Matter
<p>At 30 June 2020 the Group has recorded intangible assets of \$6,851,539.</p> <p>The recorded value of intangible assets is assessed for recoverability by the directors at least annually or more frequently if events or changes in circumstances indicate that the asset may have suffered an impairment.</p> <p>Recoverability is assessed by firstly determining the assets fair value less costs to sell. The value derived is then compared with the recorded value of the intangible assets and if lower, an impairment charge will be recorded.</p> <p>This was considered a key audit matter given the significant judgement involved in assessing the recoverable amount of these assets.</p>	<p>We checked the calculations and assessed the reasonableness of inputs into the directors' analysis.</p> <p>We considered the appropriateness of the recoverability assessment and considered whether it was in line with Australian Accounting Standards and generally accepted accounting principles.</p> <p>We assessed whether the disclosures included in the financial report meet the requirements of Australian Accounting Standards.</p>
Key Audit Matter - Income Taxes	How our Audit Addressed the Key Audit Matter
<p>We also note that the Group incurred taxable losses in the current year. These have been recognised as a deferred tax asset.</p> <p>This was considered a key audit matter given the significant judgement in determining the appropriateness of recording these carry forward losses as a deferred tax asset.</p>	<p>We considered the Group's historical profitability, Management's plans to return the Group to profitability and results subsequent to year end to determine if it is probable that the deferred taxes will be utilised.</p>

## INDEPENDENT AUDITOR'S REPORT (continued)

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

### Responsibility of Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibility 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 the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



WT FINANCIAL GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, amongst 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.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2020. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Opinion on the Remuneration Report*

In our opinion, the Remuneration Report of WT Financial Group Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

**Rothsay Audit & Audit Pty Ltd**

**Frank Vrachas**  
Director

Sydney, 29 September 2020

## **WT FINANCIAL GROUP LIMITED**

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