

WT FINANCIAL GROUP LIMITED

ABN 87 169 037 058

FY2021 ANNUAL REPORT

BOARD

Guy Hedley – Chairman
Non-executive Director

Keith Cullen
Founder & Managing Director

Chris Kelesis
Non-executive Director

Michael Harrison
Non-executive Director

Company Secretary
Ian Morgan

REGISTERED OFFICE

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ASX LISTING CODE

“WTL”

CHAIRMAN'S LETTER

30 August 2021

Dear Shareholder

For WT Financial Group Limited (WTL or the Company or Group) FY2021 signalled the final stages of a transformational restructure undertaken over the past three years 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 with predominately recurring revenue lines.

Our restructuring program commenced in 2018 with the acquisition of our Wealth Today Pty Ltd (Wealth Today) subsidiary. Wealth Today holds an AFSL and provides a comprehensive range of “dealer group” services to financial advisers across Australia who are independent business operators acting as authorised representatives. These services include licensing, risk management, education & training, technical support, and practice management and development services.

This strategy has enabled WTL to capitalise on industry disruption created by the unravelling of institutional advice models and industry rationalisation driven by increased compliance and education standards.

Now, through the acquisition of its industry peer, Sentry Group Pty Limited (Sentry), which was contracted late in the financial year and completed in July 2021, WTL is successfully leveraging its transformation and has emerged as a sustainable operator in the dealer group services sector, with around 275 advisers across more than 200 practices Australia-wide.

While essentially Wealth Today and Sentry provide the same suite of licensing solutions, over recent years each has focused on perfecting different key aspects of the critical supports that are so essential to advice practices in the modernised industry. For its part, Wealth Today has placed significant emphasis on perfecting its compliance and risk management processes, professional development support, and advice creation support; while Sentry has been perfecting its practice management processes and resources, to assist practices to maintain and improve their profitability in the face of the great structural shifts in the industry.

As a result, WTL has created a best-of-breed offering – with a powerful combination to underpin high adviser retention rates; and continued organic growth from practices seeking an improved licensing outcome. The acquisition is transformational for WTL, is substantially accretive and has now positioned the Company for future organic and inorganic growth. The inherent synergies and the resulting scale are expected to result in NPAT of greater than \$2M FY2022, from total revenue of more than \$70M, with B2B revenue expected to represent more than 95% of total revenue and recurring and recurrent revenue representing more than 75%.

Rationalising our B2C operations conducted under the Spring Financial Group brand has achieved significant fixed overhead reductions. Maintaining these operations in their rationalised format enables the Group to provide meaningful “real world” support and insights to advisers in our Wealth Today and Sentry dealer group operations. These operations also serve as a “research and development lab” for both consumer and practice management strategies; setting WTL apart from dealer groups that have no exposure to the practical application of advice to consumers on a day-to-day basis.

With our restructuring now complete, we will continue to pursue both organic and strategic transactional growth as industry disruption continues.

You'll find a more detailed explanation of the results, including the various important balance sheet adjustments to give management a clear runway for FY2022 in the financial statements, contained herein.

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

MANAGING DIRECTOR'S REPORT

Special thanks

FY2021 was a difficult year for us all, with the governmental response to the COVID-19 pandemic - including restrictions on work, travel, schooling, business operations, and social interactions - presenting circumstances that most of us would have never imagined possible.

Many people have suffered greatly these past 18 months - emotionally and financially. And within both our B2C and B2B operations our advisers have not been immune to those same challenges themselves of course - on both a professional and personal basis.

The intimacy of the relationship between financial advisers and their clients is something that is too often overlooked, and rarely appreciated from afar. It's a curious relationship at times – sometimes simply contained to a formal and business-like one, but intimate nonetheless – but often times it's much more personal and emotional, as the role extends to life coach – or voice of reason – or sounding board – part-time counsellor - or simply a shoulder to lean on.

Having observed this firsthand and at close range, on behalf of the directors and shareholders of WTL, we thank them all - and their many great support staff - and their families who in turn have supported their workload and effort - for so steadfastly continuing to help so many Australian families and businesses navigate the uncertainty that has been thrust upon us all.

They can hold their heads high for having steeled their resolve, in the face of their own challenges, while they have continued to support their many thousands of retail and wholesale clients during this most difficult of times in history.

Special thanks also to all of our long-standing shareholders who have supported the board and management as we have executed our transformational restructuring program from a complete B2C focus through our Spring Financial Group operations, to a primarily B2B focus - spearheaded by our strategic acquisition of Wealth Today Pty Ltd in 2018.

In large part for the past three and a half years our restructuring has meant short-term financial outcomes have had to take a back seat to more strategic long-range thinking to ensure we recapture long-term value from our IP and assets. Adopting this approach has however seen us emerge as a disrupter - rather than simply being ourselves disrupted by the incredible structural shifts in the financial advice sector as the profession modernises.

With this backdrop it is encouraging therefore that we have been able to welcome so many new institutional and direct investors to our share register over the past year, including those who so confidently backed the placement of new shares to support our acquisition of Sentry Group Pty Ltd (Sentry) (which is summarised below). That placement was oversubscribed at what was a 25% premium to the last traded price of our shares when we entered a trading halt to finalise the acquisition details and complete the book build to fund completion – underscoring the market confidence in the transaction and our sector more generally.

Sentry Group acquisition

With our recent acquisition of our industry peer Sentry Group Pty Ltd (Sentry) we believe the support of shareholders longstanding and new has been verified. Now with around 275 advisers across more than 200 practices Australia-wide we have emerged as a one of the largest and fastest growing independent (or unaligned, non-product-producing) financial adviser networks in the country.

This is a highly complementary and transformational acquisition that brings great scale and efficiencies and delivers an expanded board and management team as we have explained in more detail in this Annual Report.

Results and guidance

Despite the impact of the COVID-19 pandemic tempering our momentum, we continued to grow revenue across FY2021, with *Revenue & Other Income* up 6% to \$13.56M. Significantly, B2B revenue was up nearly 24% to \$10.45M (FY2020: \$8.41M), with recurring and repeat revenue representing 86% of that at \$9.01M (FY2020 \$8.65M).

As restructuring continued *Operating Profit* (EBITDA) was in line with our previous guidance, being marginally positive at \$36k, as compared to an *EBITDA* of \$1.02M for FY2020.

As was also detailed in our previous announcements and market guidance, we have taken significant steps to restructure the Company's balance sheet as at June 30 2021 to ensure that we have a clear runway to deliver in FY2022.

After accounting for these one-off write-downs and provisions totalling \$2.89M the *NPAT* result was a loss of \$3.28M (FY2020 loss of \$594k).

With the Sentry acquisition now completed however, our FY2022 revenue guidance is for a significant increase in revenue to \$70M+ and net profit after tax guidance is for in excess of \$2M.

With a strong history of having paid out nearly \$7M in dividends since our inception, the directors are motivated to see a return to dividend payments at least annually, which we expect we will be in a position to consider following FY2022.

Thank you to all of our advisers, their clients and support staff and families – and to our shareholders, and our dedicated executive team and staff for your contributions and support.



Keith Cullen
Managing director

OUR COMPANY

History

WTL was founded in 2010, initially under the name of Spring Financial Group, with its focus on building a diversified financial service offering for consumers. We were initially an exclusively direct-to-consumer (or B2C) business with all salaried professional advisers and support staff across wealth management; retirement, investment and financial advice; mortgage and finance advice; real property advice and buyers' agency services; and accounting & tax advice and compliance services.

We enjoyed great success and were profitable from our first year of commercial operations. We listed on the ASX (under the profits test) in 2015 – with an original ASX code of SFL - and had a very strong dividend history paying out around \$7 million in dividends.

Our success was founded on a range of IP and assets we built around adviser education and training, consumer education, and process-driven advice creation and risk management. And our growth was driven by our IP around client recruitment and digital marketing.

Successful move to B2B to unlock shareholder value

Fast forward to 2017 - and significant changes to financial services legislation and regulations, education standards, and the Royal Commission into the industry, all impacted considerably on not only the industry but the Company – forcing strategic a rethink.

This saw us shift our thinking to become a primarily business-to-business (or B2B) operator to enable us to leverage all of the great assets and intellectual property that we had developed through our journey of building our B2C operations. This strategy has seen us dispose of a number of B2C assets and rationalise fixed overheads in our pivot to being predominately B2B.

Central to the pivot was the acquisition of a dealer group known as Wealth Today. Wealth Today provides a comprehensive range of services to advisers who are independent business operators, and who act as authorised representatives – unlike the salaried adviser approach we had with Spring Financial Group.

Those services include licensing, compliance and risk management, education and training, technical support, practice management, and business development services.

Our primary driver was that, in the wake of the Royal Commission, we saw what became a very rapid unravelling of the traditional vertically-integrated model where the banks and other institutions had acquired many dealer groups (large and small) to aid in the distribution of their financial products.

When we acquired Wealth Today it had just 42 advisers. Leveraging our IP and assets enabled us to grow organically to more than 120 advisors across 105 advice practices.

We've seen significant revenue increases and concurrently rationalised our cost base through restructuring (and divesting) B2C operations. In short, we've turned the impact of industry disruption on the Company on its head - and instead of it being a burden to us, we are capitalising on it, having turned it into an incredible opportunity.

To underscore our emergence as a primarily B2B operator, the parent company name was changed to WT Financial Group Limited in late 2019, with a corresponding change of ASX listing code to WTL.

A transformational acquisition

We have now acquired our industry peer – the originally-Perth-based - National dealer group Sentry Group Pty Ltd (Sentry).

Established in 2005, Sentry now has more than 155 advisers across 95 advice practices Australia-wide. Over the last few years Sentry has itself evolved and modernised – through a real focus on assisting the advisors in growing their practices.

This is a highly complementary and transformational acquisition that brings great scale and efficiencies.

Post-acquisition we have merged with around 275 advisers across more than 200 practices Australia-wide, making us a really significant player in a new crop of heavyweight independent groups.

A POWERFUL COMBINATION

Essentially both Wealth Today and Sentry provide the same suite of licensing solutions within their respective dealer group operations. However, as each entity has restructured its operations over the past three years it has focused on perfecting different key aspects of the critical supports essential to advice practices in the modernised industry.

Perfected risk management processes

For its part, Wealth Today has placed significant emphasis on perfecting its risk management processes. We have developed, and successfully rolled-out, industry-leading compliance and risk-mitigation processes that not only protect consumers and ourselves as the AFSL holder, but enable advisers to protect and perfect their business assets.

We have done this through adopting a series of streamlined, commercially-viable, proactive processes that are forward-looking - a stark departure from the rear-view mirror, reactionary process paradigm adopted by most dealer groups.

Industry-leading consumer and adviser education and training

Since our inception as a B2C-focussed business more than a decade ago, we have built a reputation for leadership and excellence in consumer and industry education, creating Australia's most comprehensive library of financial literacy publications for consumers and advisers. With more than 100 titles across a broad range of topics our library has been downloaded and read by more than 120,000 consumers and advice professionals.

WTL's commitment to consumer financial literacy and adviser education is matched only by its extensive seminar programs and tailored adviser training plans that include insightful and engaging presentations and workshops delivered weekly via live video-link.

These critical resources provide WTL advice practices with unparalleled client engagement and client recruitment tools, and the support required to navigate the ever-increasing professional development regime inherent in the industry.

Perfected practice management support and programs

While Wealth Today has been busy with these key supports for advisers, for its part, Sentry has placed its emphasis on perfecting its practice management processes and resources, enabling it to assist practices in re-orientating service offerings, revenue and processes to maintain and improve their profitability and asset values in the face of the great structural shifts in the industry.

Sentry's range of practice management programs and initiatives are each able to be implemented at a very tailored and granular level within individual practices. With a focus on assisting practices in optimising their present capabilities, while modernising their operations - Sentry adds incredible value to practices in its network to help ensure both future viability and growth.

Combined and aligned

While WTL and Sentry have each focused on perfecting different aspects of the critical supports that modern advice practices require from their dealer groups, their core competencies and assets are highly complementary.

Both have B2B brands, (rather than a consumer facing brands) with advisers operating under their own company brand name - providing for personal connection to their clients and the communities in which they operate.

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

Critically, each has a philosophy founded on a collegiate approach to the licensee-adviser relationship that places advisers and their clients at the centre of what they do.

Alignment on these key operational issues, coupled with the complementary nature of the IP, skills, and experience of WTL and Sentry, presents for a seamless integration to the benefit of advisers and their clients.

The result being that post-acquisition, WTL has emerged with the best-of-breed offering across each of these critical supports, with a powerful combination that will underpin high retention rates of existing advisers; and continued organic growth from practices seeking an improved licensing outcome.

Adviser and client-centric knowledge, respect and focus

Our interactions with the advice practices and advisers we support is best described as being one of a collegiate spirit based on respect.

Our respect for advisers is founded on the fact that all our key people know exactly what it's like to sit with clients every day; we know what's involved in creating and presenting and implementing advice; we understand the challenges of building and maintaining a practice; and in turn the importance of maintaining and managing client relationships.

We know firsthand what it's like to deal with ever changing education standards, regulatory overlays and the many other challenges that our sector has had to confront over recent years.

Fundamentally we approach the entire business with our advisers and their client relationships at the centre of what we do - our mission is to help our advisers get back to being able to actually enjoy the profession we have all chosen.

Keeping connection to our roots

Through the various entities that make up the *Spring Financial Group* B2C operations - the Group provides wealth management, retirement, investment and financial advice; mortgage and finance advice; and real estate advice and buyers agency services. It is also the investment and asset manager of a disability housing fund; and provides accounting & tax advice and compliance services.

Maintaining these operations helps 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 - to enable the us to provide meaningful "real world" support and insights to the growing number of advisers in our Wealth Today and Sentry networks.

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

FUTURE OUTLOOK

Disruption providing unprecedented expansion opportunities

The revelations and findings of the 2018 Royal Commission into the industry signalled the beginning-of-the-end of the dominance of institutionally-owned financial advice networks in Australia, with financial product manufacturers and major banks reducing, closing or selling their advice networks. As this unwinding of networks continues, increasing numbers of highly-experienced and qualified advisers are seeking a professional, efficient dealer group to support their businesses (and their clients).

Against this backdrop, it's perhaps easy to read the headlines in the newspapers - and to look at the banks abandoning the playing field of financial advice - and question the future of the industry, and ongoing or future investment in the sector.

The key answer to that question is found in the demand for quality financial advice, however.

Far from being an industry or profession in decline - Australia is on the doorstep of the largest intergenerational wealth transferring in history – with demand for quality financial advice ever-increasing.

Some \$3.5 trillion of wealth is about to pass from one generation to the next over the next 15-20 years.

The nature and complexity of advice required for this wealth transfer is requiring advisers to upskill to address increased complexity that comes with this. There is increasing demand for estate and legacy planning, for retirement income advice, for aged care advice, and for strategic investment advice.

This presents enormous opportunity for growth for companies like WTL – and our advisers - at a time when others are abandoning the playing field.

From an individual adviser perspective, they need the support of a strong dealer group with the infrastructure in place to help them deal with the upskilling that's required to deal with this increased demand and the increased complexity in the nature of the advice.

At the same time as banks and product manufacturers have exited the industry, sub-scale dealer groups, with less than 50-100 advisers, and hundreds of self-licensed advice firms with as few as two-ten advisers, are facing ever-increasing compliance requirements and demands from advisers for comprehensive internal education and training. This potentially marginalises dozens of existing smaller dealer groups, presenting further opportunity as operators choose to exit the industry by way of closure or sale.

The completion of the Sentry acquisition is the culmination of a very deliberate strategy by WTL to shift its business to a dealer group focus to capitalise on this industry disruption.

The scale and depth of skills and assets created through the Sentry acquisition has seen WTL emerge as an industry leader with an offering for modernised advice practices that is second-to-none.

This unparalleled offering to advisers positions us to lead our peers in organic growth through the recruitment of leading advice practices.

As disruption continues in the industry these same attributes create a compelling proposition for further corporate acquisition opportunities also - which will be considered on their merits as and when they arise.

OUR PEOPLE**Board****Guy Hedley****Chairman and Non-Executive Director**

Guy Hedley is a non-executive director and chairman of WTL and has a track record of success as a corporate executive in financial services.

Guy spent 15 years as head of Macquarie Bank's global private banking unit and BNP Private Banking, is now chair at Stoic Asset Management and Atlas Advisors Australia. He has helped steer WTL through industry upheaval and supported the management team with its transformation to a B2B focussed enterprise.

Guy sits on the Company's Audit & Risk Committee and chairs the Remuneration & Nomination Committee

Keith Cullen**Managing Director**

Keith Cullen is the founder and managing director of WTL and its subsidiary companies and a substantial shareholder. He has 36 years experience as a corporate executive and entrepreneur across the broadcast media, technology and financial services sectors. Keith successfully conceived and implemented the strategy to pivot the group from its previous B2C focus to a primarily B2B focus through the acquisition of Wealth Today.

Keith sits on the Company's Audit & Risk Committee and the Remuneration & Nomination Committee.

Chris Kelesis**Non-executive Director**

Chris Kelesis is a foundation director and significant shareholder of WTL. He has 15 years financial services experience as an equities trader and technical analyst and has held private and wholesale client adviser roles with Spring Equities, Ark Equities and the Rivkin Group. Chris has helped steer WTL with its transformation to a B2B focussed enterprise.

Michael Harrison**Non-executive Director**

Michael Harrison is a significant WTL shareholder and non-executive director. He has more than 30 years financial services industry experience. Michael played a key role in the formation and growth of ASX-listed Shadforth's ahead of its acquisition by IOOF in 2014. He is chairman of leading financial services growth consultant Peloton Partners; and chairman of Mainstream, one of the world's largest barramundi breeders and suppliers.

Ian Morgan**Company Secretary**

Ian Morgan is a Chartered Accountant and 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 and Investment (Securities Institute), and is a Fellow of the Financial Services Institute of Australasia

OUR PEOPLE**Executive team****Frank Paul****Joint-Chief Operating Officer**

Frank Paul is a significant WTL shareholder and an accomplished financial services professional with 25 years in financial advice, as a practice principal and senior executive including 7 years with WTL in head of advice and COO roles. Frank's focus is on general management of the group's east coast operations and he holds primary responsibility for group risk management processes.

David Newman**Joint-Chief Operating Officer**

David Newman is a significant WTL shareholder with 35 years financial services experience, specialising in strategic planning and execution. David is joint-COO of the group focussing on business development operations and management of west-coast operations. He is also managing director of WTL's Sentry Group Pty Ltd subsidiary.

Jack Standing**Group Head of Advice**

Jack Standing has held key roles with the group in B2B and B2C advice over 8 years. He is responsible for adviser training and education, and oversight of advice creation within WTL's innovative peer review and risk management framework. He is a responsible manager, and member of compliance and investment committees.

Ricton Jones**Group Head of Finance**

Ricton Jones has broad experience in financial accounting, treasury, audit coordination and tax in technology and financial services, including 7 years with the group's Sentry Group Pty Ltd subsidiary ahead of his appointment as group head of finance. Ricton has extensive regulatory reporting and HR management experience for public and private companies in the UK and Australia and is CIMA and CPA qualified.

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	<p>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.</p> <p>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.</p>	<p>Comprehensive compliance and risk management framework regime.</p> <p>Extensive internal monitoring and reporting across all key aspects of its operations.</p> <p>External legal and compliance advice where deemed appropriate.</p>
Management of Future Growth	<p>The Company expects to continue to experience growth and increase in the number of its authorised representatives, employees and officers.</p> <p>Risk that the scope of its supporting infrastructure will be inadequate and/or systems that are not implemented and improved in a timely manner.</p>	<p>Recruitment of experienced operational personnel.</p> <p>Use of appropriate external consultants and contractors.</p>
Legislative and Regulatory Changes	<p>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.</p>	<p>Diversify product and service offerings.</p>
People risk	<p>Loss of key executives and contractors.</p> <p>Loss of key individuals in operating businesses with consequential material business interruption.</p>	<p>Succession planning and appropriate restraints to protect ongoing business.</p> <p>Market competitive remuneration and career development opportunities.</p>
Fraud or embezzlement of Group or client funds	<p>Risk that employee due diligence and monitoring is insufficient and/or that day-to-day operational controls are inadequate.</p>	<p>Fidelity and professional indemnity insurance held, and appropriate policies and procedures implemented and regularly reviewed.</p>
Investment impairment risk	<p>Risk that investments, and in particular the value of acquired goodwill and intangible assets which are subject to a permanent decrease in value.</p> <p>Investment write-down or impairment results in an expense for the Group.</p>	<p>Close monitoring of investments.</p> <p>Close management of businesses operations to optimise results.</p>

CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 30 June 2021

WT FINANCIAL GROUP LIMITED

ABN 87 169 037 058

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DIRECTORS' REPORT

30 June 2021

The directors present their report, together with the consolidated financial statements of WT Financial Group Limited (WTL or the Company) and its subsidiaries and controlled entities (the Group) for the financial year ended 30 June 2021 (FY2021) 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.

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	<p>Guy Hedley is a non-executive director and chairman of WT Financial Group Limited and has a track record of success as a corporate executive in financial services.</p> <p>Guy spent 15 years as head of Macquarie Bank's global private banking unit and BNP Private Banking, is now chair at Stoic Asset Management and Atlas Advisors Australia. He has helped steer WTL through industry upheaval and supported the management team with its transformation to a B2B focussed enterprise.</p> <p>He holds an MBA (Exec.) from Australian Graduate School of Management and is a Master Stockbroker (SAA).</p>
Interest in shares	612,691 ordinary shares
Special responsibilities	Member Audit & Risk Committee and chairs the Remuneration & Nomination Committee.
Keith Cullen	Managing Director & CEO
Experience	<p>Keith Cullen is the founder and managing director of WT Financial Group Limited and its subsidiary companies and a substantial shareholder. He has 36 years experience as a corporate executive and entrepreneur across the broadcast media, technology and financial services sectors. Keith successfully conceived and implemented the strategy to pivot the group from its previous B2C focus to a primarily B2B focus through the acquisition of Wealth Today, and subsequently Sentry Group.</p> <p>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.</p> <p>Prior to 1994 Keith held various sales & marketing roles with the privately-owned Australian Radio Network and ASX-listed Wesgo Communications.</p>
Interest in shares	35,389,007 ordinary shares
Special responsibilities	Member of Audit & Risk Committee and Remuneration & Nomination Committee
Chris Kelesis	Non-Executive Director (previously Executive Director)
Experience	<p>Chris Kelesis is a foundation director and significant shareholder of WT Financial Group Limited. He has 15 years financial services experience as an equities trader and technical analyst and has held private and wholesale client adviser roles with Spring Equities, Ark Equities and the Rivkin Group. Chris has helped steer WTL with its transformation to a B2B focussed enterprise. 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.</p> <p>Chris was an Executive Director during the reporting period. From 1 August 2021 he moved to a non-executive capacity.</p>
Interest in shares	21,938,646 ordinary shares
Special responsibilities	Licensee-in-charge of Spring FG Realty Pty Ltd

DIRECTORS' REPORT

30 June 2021

Michael Harrison was appointed as a Non-Executive Director on 20 July 2021 (subsequent to year end) so is not included in this report.

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	6	6	2	2	1	1
Chris Kelesis	6	6	-	-	-	-
Guy Hedley	6	6	2	2	1	1

Principal activities

Over the past three and a half years WT Financial Group Limited (WTL or the Company or 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 with predominately recurring revenue lines.

Central to this strategy was the 2018 acquisition of its Wealth Today Pty Ltd (Wealth Today) subsidiary. Wealth Today holds an AFSL and provides a comprehensive range of "dealer group" services to financial advisers across Australia who are independent business operators acting as authorised representatives. These services include licensing, compliance, education & training, technical support, and practice management and development services.

This strategy has enabled WTL to capitalise on industry disruption created by the unravelling of institutional advice models and industry rationalisation driven by increased compliance and education standards.

Through the acquisition of its industry peer, Sentry Group Pty Limited (Sentry Group), which was contracted on 15 June 2021, and completed subsequent to FY2021 year-end on 20 July 2021, WTL continues to leverage its transformation and has emerged as a sustainable operator in the dealer group services sector, with around 275 advisers across more than 200 practices Australia-wide.

Concurrently WTL has rationalised its B2C operations conducted under the Spring Financial Group banner, and achieved significant reductions in fixed overheads, in particular across employment expenses, and advertising & marketing costs - with further significant reductions now implements through the exit of surplus office accommodation.

The FY2021 result reflects the impact of a series of important balance sheet adjustments, provisions and write downs (detailed below) to complete the Company's restructure program and transition to a B2B focus. Details of the Sentry Group acquisition and its transformational impact are set out below.

Operating results and Review of Financial Position

A. Operating results for the year

Total Revenue & Other Income was \$13.56M (FY2020 \$12.80M), with Total Revenue from Ordinary Activities up by 6% compared to the prior year to \$12.76M (FY2020 \$12.06M).

B2B revenue was up nearly 24% to \$10.45M (FY2020: \$8.41M), and recurring and repeat revenue \$9.01M (FY2020 \$8.65M).

The Group's B2B success increased Direct Cost of Sales by 31% year-on-year to \$9.05M (FY2020 \$6.90M), in line with its strategic focus.

Total Operating Expenses (excluding depreciation, amortisation, interest and tax) were down by 8% to \$4.47M (FY2020 \$4.88M).

As restructuring continued and growth was tempered by in impact of COVID-19 measures across the country, Operating

DIRECTORS' REPORT

30 June 2021

Profit (EBITDA) declined to \$36k, as compared to an EBITDA of \$1.02M for FY2020.

Finance costs (including lease related finance costs) increased 118% to \$615k (FY2020 \$281k), while depreciation and amortisation decreased 48% to \$420k (FY2020 \$871k).

After accounting for a series of one-off write-downs totalling \$2.89M (detailed below) the NPAT result was a loss of \$3.28M (FY2020 loss of \$594k).

Acquisition of Sentry Group Pty Ltd (Sentry Group)

On 15 June 2021, WTL entered into a share purchase agreement to acquire all of the issued capital of national financial advisory dealer group, Sentry Group Pty Ltd (Sentry Group), for an initial purchase price of \$7.0M. The acquisition (and associated placement of WTL shares) was subsequently approved by a general meeting of shareholders held on 16 July 2021, with settlement occurring on 19 July 2021.

The acquisition was funded as to 50% in cash and 50% in the form of WTL shares issued to the sellers. The cash consideration paid on completion was funded through the placement of new shares to institutional and sophisticated investors at an issue price of \$0.075 per share, which represented a 25% premium to the closing price of WTL on 9 June 2021 (when the shares were placed into a trading halt pending the finalisation of the acquisition terms and the placement). The Company also raised a further \$1.5M in cash to fund acquisition and integration costs, bringing total cash raised under the placement to \$5.0M.

Subject to achievement of a revenue performance hurdle for the financial year ending 30 June 2022 (FY2022), up to a maximum of a further \$3.0M upside consideration will be payable to the sellers.

The Upside Consideration is payable only if base fee revenue contributed by Sentry Group in respect of FY2022 exceeds an agreed milestone as certified by the Company's auditor. The upside consideration (if any) will be paid as to 50% by the issue of shares up to a maximum of 20M Shares. The balance of the upside consideration will be paid in cash. The issue price for these upside shares will be 85% of the volume weighted average price at which WTL shares trade on ASX (VWAP) over the 30 days up to the date of determination of the upside consideration. Approval to issue the upside shares was given by shareholders at the general meeting on 16 July 2021. The ASX has also granted a waiver of Listing Rule 7.3.4 in relation to the potential issue of upside shares.

The shares issued to the sellers are subject to voluntary escrow restrictions for a period of 2 years with respect to the shares issued at completion and 12 months with respect to the upside shares (if any are issued).

Scale and efficiencies to deliver strong profit result year one

The acquisition is transformational for WTL, is substantially accretive and has positioned the Company well for future organic and inorganic growth. The inherent synergies of the acquisition, and the resulting scale, are expected to result in NPAT of greater than \$2M FY2022.

Total revenue of more than \$70M is anticipated for FY2022, with B2B revenue expected to represent more than 95% of total revenue and recurring and repeat revenue representing more than 75%.

As indicated in the operating loss and set out below, the Company made appropriate adjustments to (and recognised provision in) its balance sheet to provide management a clear runway for FY2022.

The emergent efficiencies from the acquisition have delivered a platform capable of supporting significant organic growth on the resulting cost base indicating the potential for considerable NPAT upside beyond FY2022.

Details of one-off write down impacting NPAT and financial position

The Profit & Loss reflects a series of expenses including those associated with the Sentry Group acquisition, key components of which summarised below:

- Redundancy costs of \$225k associated with implementing post-completion cost savings of circa \$650k pa.
- Acquisition-related transaction costs of \$147k.
- Early surrender payments of \$90k and make-good costs of \$227k and other costs of \$128k across surplus office accommodation in Sydney and Melbourne, to reduce total annual office accommodation costs by circa 600k pa (excluding Sentry Group accommodation costs of circa \$300k pa).
- Commercial debt forgiveness costs of \$962k against revolving advances against future dividends provided to shareholder entities associated with the Company's founding executive directors who had historically agreed not to draw salaries and bonus payments totalling \$3.67M. The Company has terminated the revolving advance against dividend arrangements and has entered into a deed of mutual release of any claim relating to that termination, the historical undrawn salary and bonuses, and the revolving advances.

DIRECTORS' REPORT

30 June 2021

- Intangible asset write-offs associated with restructured B2C operations totalling \$814k (as more fully set out in Note 9 of the financial statements).
- The Company has also made a provision of \$300k against historical complaints and an associated dispute with the professional indemnity insurer of a previously decommissioned B2C AFSL.

Segments

More detailed information relating to the performance of the Group's two key segments, which are "B2B"; and "B2C", is included at Note 4 of the financial statements.

B. Review of financial position

The financial position of the Group as 30 June 2021 is summarised as follows:

Total assets were \$11.65M (FY2020 \$14.76M), with total liabilities of \$5.67M (FY2020 \$6.37M), resulting in net assets of \$5.95M (FY2020 \$8.39M).

After accounting for the balance sheet adjustments detailed above (and before the settlement of the Sentry acquisition) Net tangible assets (NTA) were \$212k (FY2020 \$1.99M).

The Group had drawn financing facilities of \$1.66M (FY2020 \$705k) the terms of which are more fully detailed in Note 11(a).

Cash from operations

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

Net cash outflow from operating activities was \$1.49Mk (FY2020 net cash inflow \$709k). The Company drew borrowings of \$446k (FY2020 paid \$210k) and net cash decreased by \$167k (FY2020 increase of \$368k) with cash and cash equivalents being \$1.25M at 30 June 2021 (FY2020 \$1.41M).

The Company has subsequently improved its cash position with a placement of new shares on 19 July 2021 associated with the acquisition of Sentry Group providing an additional \$1.5M in cash.

Capital management

As at 30 June 2021 the Company had a total of 167,171,900 (FY2020 150,542,868) ordinary shares on issue, with 16,179,032 shares issued during the year. Details of shares issued subsequent to the balance date are provided below.

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 FY2021.

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

Significant changes in state of affairs

The acquisition of Sentry Group, details of which are set out above and below, represents a significant (positive) change in the state of affairs of the Company.

Events after the reporting date

As set out above, on 19 July 2021 the Group completed the acquisition of all of the issued capital of Sentry Group. The acquisition resulted in the issue of 46,666,667 ordinary shares to the sellers (in part satisfaction of the purchase price) and a further 66,666,666 to institutional and sophisticated investors (to raise an additional \$1.5M cash) - all issued at an issue price of \$0.075 per share, resulting in the number of shares on issue increasing to 280,505,233.

As detailed above, up to an additional 20,000,000 shares may be issued to fund the upside payment (if any) associated with the Sentry Group acquisition.

Mr Michael Harrison was appointed as a non-executive director on 20 July 2021. Michael Harrison was the non-executive chairman and a substantial shareholder of Sentry Group Pty Ltd (Sentry Group), prior to its acquisition by WTL. Michael has a track record of business success spanning more than 30 years. He is executive chairman of Australia's leading financial services consulting firm, Peloton Partners, which he co-founded in 2012. Michael is also chairman of Mainstream Aquaculture Group - one of the world's largest breeders and suppliers of barramundi.

DIRECTORS' REPORT

30 June 2021

WTL director Mr Chris Kelesis accepted redundancy from his executive duties and moved to a non-executive role from 1 August 2021.

COVID-19 Impact Statement

The Company's operations and revenue and profitability were impacted by the impact of 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. Whilst its growth trajectory has been impacted and will continue to be impacted by the pandemic, the Company anticipates continued growth 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.

Impact on operational capacity

Group operations have been able to be 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 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 FY2022 and beyond as its B2B activities increase further in scale.

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.

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.

DIRECTORS' REPORT

30 June 2021

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.

DIRECTORS' REPORT – REMUNERATION REPORT

30 June 2021

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.

This remuneration report outlines the Group's remuneration principals, framework and outcomes for the financial year ended 30 June 2021. 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

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 during the period were:

- Guy Hedley - Non-Executive Chairman
- Keith Cullen – Managing Director
- Chris Kelesis – Executive Director (Non-Executive Director from 1 August 2021)

Michael Harrison was appointed as a Non-Executive Director on 20 July 2021, while Sentry Group managing director (and shareholder) David Newman assumed the role of the Company's joint-chief operating officer (while remaining as managing director of Sentry Group subsidiary) - focussing his attention on business development and management of west coast operations. The Company's other joint-COO, Frank Paul, is now focussing on east coast operations and group risk management processes. The Company's head of advice Jack Standing; and Sentry Group's head of finance, Ricton Jones, have each assumed expanded responsibility across the Group. As the appointments (and expanded duties) were subsequent to year end, these persons are not included in this remuneration report.

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

DIRECTORS' REPORT – REMUNERATION REPORT

30 June 2021

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.

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 2021.

DIRECTORS' REPORT – REMUNERATION REPORT
30 June 2021

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
FY2021	\$	\$	\$	\$	\$
Non-Executive Directors					
Guy Hedley (Chairman)	48,000	-		-	48,000
Executive Directors					
Keith Cullen	298,298	33,593	4,968	28,338	365,197
Chris Kelesis	190,294	14,530	3,169	18,077	226,070

	Short term benefits		Long term	Post-employment	
	Salary & fees	Interest not charged	LSL Accrual	Super	Total
FY2020	\$	\$	\$	\$	\$
Non-Executive Directors					
Guy Hedley (Chairman)	48,000	-		-	48,000
Executive Directors					
Keith Cullen	298,298	31,693	4,443	20,048	354,482
Chris Kelesis	190,294	13,522	1,419	17,217	222,452

Fixed and at-risk remuneration

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

	Fixed Remuneration		At Risk Remuneration	
	2021	2020	2021	2020
Non-Executive Directors				
Guy Hedley (Chairman)	100%	100%	-	-
Executive Directors				
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 2021

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:

Name:	Guy Hedley
Title:	Non-executive Director & Chairman
Agreement commenced:	23 November 2014
Date commenced with Group:	10 April 2014
Term of agreement:	No fixed term
Details:	Director's fees for the year ending 30 June 2021 of \$48,000, to be reviewed annually by the Nomination and Remuneration Committee.
Name:	Keith Cullen
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	13 March 2015 or such other date agreed between the executive and the Company. The agreement commenced operation from 1 July 2017.
Term of agreement:	3 years
Date commenced with Group:	10 October 2010
Details:	Annual remuneration of \$326,636 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.
Name:	Chris Kelesis
Title:	Executive Director (now Non-Executive Director)
Agreement commenced:	13 March 2015 or such other date agreed between the executive and the Company. The agreement commenced operation on 1 July 2017.
Date commenced with Group:	10 October 2010
Term of agreement:	Subsequent to the year end Chris Kelesis accepted redundancy from his executive duties and from 1 August 2021 moved to a non-executive capacity, with no fixed term applying.
Details:	Annual remuneration of \$208,571 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. From 1 August 2021, (non-executive) director fees of \$30,000 pa, and a further additional \$30,000 pa for the special responsibility of acting as licensee-in-charge of the Company's corporate real estate license.

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:

Ordinary shares	Balance at start of year	Additions	Disposals	Balance at the end of year
Guy Hedley	372,691	240,000	-	612,691
Keith Cullen	35,389,007	-	-	35,389,007
Chris Kelesis	21,453,099	510,000	-	21,963,099
	57,214,797	750,000	-	57,964,797

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

Advances to Related Parties of Key Management Personnel

For the period from FY2013 through until the end of H1 FY2021 the Group's founding executive directors, Keith Cullen and Chris Kelesis, agreed not to draw salaries and bonus payments totalling \$3.67M. During the same period, the Company agreed to provide shareholder entities associated with executive directors revolving advances against future dividends.

Movements in the advance balances have been subject to ongoing disclosure through the Company's financial statements. Since inception these advances have totalled \$3.41M; of which \$2.45M was subsequently repaid leaving a balance of \$962k. The Company terminated the revolving advance against dividend arrangements during the financial year and subsequently finalised a mutual release of any claim relating to that termination, the historical undrawn salary and bonuses, and the revolving advances (including a deed of commercial debt forgiveness with the Director related entities).

The table below sets out the details of the balances of those facilities in the aggregate at beginning and end of the period. There was no interest payable on the loans.

	Balance at 1 July 2020	Interest paid or payable	Interest not charged	Write-downs	Highest balance during year	Balance at 30 June 2021	No. in group at year end
Keith Cullen	609,491	-	33,593	671,866	671,866	-	
Chris Kelesis	260,040	-	14,530	290,616	290,616	-	
Total	869,531	-	48,123	962,482	962,482	-	-

This concludes the remuneration report, which has been audited.

DIRECTORS' REPORT
30 June 2021

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 2021 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 30th day of August 2021 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 2021, 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, 30 August 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2021

			Restated
		2021	2020
	Note	\$	\$
Revenue	2	12,765,460	12,056,928
Other income	2	790,045	739,043
		13,555,505	12,795,971
Less:			
Direct cost of sales expenses	3	(9,052,866)	(6,897,796)
Employee benefits expense	3	(2,331,612)	(2,891,887)
Advertising & marketing expenses	3	(68,324)	(154,635)
Consulting & professional fee expenses	3	(439,115)	(402,932)
Rental expenses	3	(397,589)	(381,395)
Other operating expenses	3	(1,229,787)	(1,048,188)
		36,212	1,019,138
Less:			
Finance costs	3	(564,591)	(179,019)
Finance costs – assets under lease	3	(50,806)	(101,846)
Depreciation & amortisation expense	3	(154,893)	(389,487)
Depreciation – assets under lease	3	(264,747)	(481,449)
Disposal of intangible assets	3	-	(789,716)
Group restructuring	3	(2,893,287)	-
Loss before income tax		(3,892,112)	(922,379)
Income tax benefit	5	604,615	328,872
Loss after income tax expenses for the year		(3,287,497)	(593,507)
Other comprehensive income		-	-
Total comprehensive loss for the year		(3,287,497)	(593,507)

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

	Note	2021	2020
		Cents	Cents
Basic earnings per share (cents)	14	(2.003)	(0.381)
Diluted earnings per share (cents)	14	(2.000)	(0.381)

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 2021

		2021	Restated 2020
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,246,269	1,413,559
Trade and other receivables	7	748,187	1,769,873
Other assets	10	182,094	486,230
Current tax assets		-	-
TOTAL CURRENT ASSETS		2,176,550	3,669,662
NON-CURRENT ASSETS			
Property, plant and equipment	8	76,944	880,492
Deferred tax assets	18	3,654,102	3,690,061
Investments		-	125,000
Intangible assets	9	5,744,085	6,399,342
TOTAL NON-CURRENT ASSETS		9,475,131	11,094,895
TOTAL ASSETS		11,651,681	14,764,557
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	2,000,241	2,487,331
Provisions	12	148,432	172,663
Borrowings secured	11	479,118	360,000
Borrowings unsecured	11	513,595	58,996
Other liabilities	12	-	146,250
Lease liabilities	17	76,944	382,876
TOTAL CURRENT LIABILITIES		3,218,330	3,608,116
NON-CURRENT LIABILITIES			
Trade and other payables	11	-	3,953
Provisions	12	175,476	153,998
Borrowings secured	11	1,185,880	345,000
Borrowings unsecured	11	-	454,599
Deferred tax liabilities		1,116,356	1,465,176
Lease liabilities	17	-	340,579
TOTAL NON-CURRENT LIABILITIES		2,477,712	2,763,305
TOTAL LIABILITIES		5,696,042	6,371,421
NET ASSETS		5,955,639	8,393,136
EQUITY			
Issued capital	13	20,142,712	19,292,712
Reserves		26,659	26,659
Accumulated Dividends		(6,827,069)	(6,827,069)
Accumulated Profit/Loss		(7,386,663)	(4,099,166)
Retained earnings		(14,213,732)	(10,926,235)
TOTAL EQUITY		5,955,639	8,393,136

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 2021

2021	Ordinary Shares	Accumulated profit/ (loss)	Option Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2020	19,292,712	(10,926,235)	26,659	8,393,136
Profits attributable to members of the parent entity	-	(3,287,497)	-	(3,287,497)
<i>Transactions with owners in their capacity as owners</i>				
Dividends provided for or paid	-	-	-	-
Shares issued during the year	525,000	-	-	525,000
Shares application pending allotment	325,000	-	-	325,000
Transaction costs	-	-	-	-
Balance 30 June 2021	20,142,712	(14,213,732)	26,659	5,955,639
2020 Restated	Ordinary Shares	Accumulated profit/ (loss)	Option Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2019	18,895,112	(10,332,728)	26,659	8,589,043
Profits attributable to members of the parent entity	-	(593,507)	-	(593,507)
<i>Transactions with owners in their capacity as owners</i>				
Dividends provided for or paid	-	-	-	-
Shares issued during the year	397,600	-	-	397,600
Transaction costs	-	-	-	-
Balance 30 June 2020	19,292,712	(10,926,235)	26,659	8,393,136

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 2021

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		12,078,057	14,854,752
Payments to suppliers and employees		(13,464,948)	(13,861,128)
Net interest received / (paid)		(622,445)	(284,196)
Net cash provided by / (used in) operating activities	23	(2,009,336)	709,428
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from disposal of 50% of Spring FG Digital Pty Ltd		125,000	125,000
Purchase of plant and equipment		-	(2,325)
Loans (to) / from related parties - payments made		(92,952)	(239,926)
Net cash provided by / (used in) investing activities		32,048	(117,251)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		959,998	-
Repayment of borrowings		-	(210,000)
Issue of ordinary shares		850,000	397,600
Repayment of lease liabilities		-	(411,400)
Net cash provided by / (used in) financing activities		1,809,998	(223,800)
Net increase/(decrease) in cash and cash equivalents held		(167,290)	368,377
Cash and cash equivalents at beginning of year		1,413,559	1,045,182
Cash and cash equivalents at end of financial year	6	1,246,269	1,413,559

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 2021

1. Summary of Significant Accounting Policies

The financial report of WT Financial Group Limited for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 30 August 2021.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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 Group has adopted all standards which became effective for the first time at 30 June 2021.

The Group has adopted AASB 2020.4 from 1 July 2020. On 1 April 2020, the lessor of Sydney and Melbourne offices agreed to waive 40-50% of lease payments owing for six months from April to September 2020. The rent waiver does not result in lease modification.

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.

1.g 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.

1.h 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.

1.i 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.

1.j Restatement of historical errors

Subsequent to 30 June 2020 two errors of \$192,597 and \$452,197 were noted in respect of the financial statements to 30 June 2020. This was corrected resulting in an increase of \$192,597 to direct cost of sales expenses and trade and other payables and a reduction of \$452,197 to intangibles and deferred tax liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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) through the Group's B2C operations, 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 holder for corporate and individual authorised representatives through the Company's B2B operations, 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 this revenue is paid to advisers under the AFSL Licence. This revenue is presented as gross of the related cost which is presented in cost of goods sold 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).

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

	2021	2020
	\$	\$
Revenue - provision of services	12,765,460	12,056,928
Other Income		
- finance income (interest received)	12,883	14,644
- government grants	469,980	430,071
- other income	307,182	294,328
Total Other Income	790,045	739,043
	13,555,505	12,795,971

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.

3. Expenses

	2021	Restated 2020
	\$	\$
Details of total expenses		
Direct costs to generate revenue		
Direct Financial Advice costs	8,710,708	6,638,443
Direct Accounting Services costs	266,196	258,215
Direct Real Property costs	57,312	(17,593)
Direct Finance costs	18,650	18,731
	9,052,866	6,897,796
Employee benefits expense		
Amounts paid to staff	2,005,767	2,466,640
Superannuation	163,642	218,622
Consultants, contractors & directors' fees	20,366	48,000
Other employment expenses	141,837	158,625
	2,331,612	2,891,887
Advertising & marketing expenses	68,324	154,635
Consulting & professional fees		
Audit & taxation fees	139,996	74,955
Legal fees	104,434	67,124
Other professional fees	194,685	260,853
	439,115	402,932
Rental expenses	397,589	381,395

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

3. Expenses - continued

	2021	Restated 2020
	\$	\$
Other operating expenses		
Travel & accommodation	80,739	90,323
IT and telephone expenses	235,905	279,442
Insurance	395,717	282,116
Licences, memberships & subscriptions	115,419	155,065
Office equipment and other leases	-	36,777
Bad debts written-off	(39,752)	52,000
Printing, stationery, postage and couriers	84,369	42,000
Other expenses	357,390	110,465
	1,229,787	1,048,188
Impairment & disposal of intangible assets		
SMSF administration sale price adjustment	-	789,716
	-	789,716
Depreciation & amortisation expense		
Fixed assets	62,296	213,887
Assets under lease	264,747	481,449
Intangible assets	92,597	175,600
	419,640	870,936
Finance costs		
Interest paid	564,591	179,019
Finance costs – assets under lease	50,806	101,846
	615,397	280,865
Group restructure costs		
Intangibles written off	813,892	-
Debt forgiven	962,482	-
Lease written off	444,610	-
Redundancy costs	225,000	-
Sentry acquisition costs	147,303	-
AFCA and PI dispute provision	300,000	-
	2,893,287	-
Total Expenses	17,447,617	13,718,350

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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:

- Business to business (B2B). This segment includes financial planning, investment advice and product sales and licensing services and product offerings delivered through (and to) independent financial advisers operating as authorised representatives under its Wealth Today Pty Ltd subsidiary.
- Direct to consumer (B2C). This segment includes the provision of a comprehensive range of services directly to wholesale and retail clients through the Spring Financial Group brand, encompassing financial planning, accounting & tax services, mortgage finance services, and investment and asset management.

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

(a) Segment performance

2021	B2B services \$	B2C services \$	All other segments \$	Total \$
REVENUE				
Sales	10,451,185	2,290,951	23,324	12,765,460
Other income	53,600	221,394	502,168	777,162
Interest revenue	3	8,061	4,819	12,883
Total segment revenue	10,504,788	2,520,406	530,311	13,555,505
EBITDA	961,229	122,510	(1,047,527)	36,212
SMSF admin sale	-	-	-	-
Interest expenses	(10)	(378,906)	(236,481)	(615,397)
Depreciation & amortisation	(19,290)	(25,423)	(374,927)	(419,640)
One off expense	(14,846)	(143,473)	(2,734,968)	(2,893,287)
Net profit before tax	927,083	(425,292)	(4,393,903)	(3,892,112)
2020	B2B services \$	B2C services \$	All other segments \$	Total \$
REVENUE				
Sales	8,406,714	3,622,393	27,821	12,056,928
Other income	46,534	353,216	324,649	724,399
Interest revenue	5,158	2	9,484	14,644
Total segment revenue	8,458,406	3,975,611	361,954	12,795,971
EBITDA	911,974	2,107,034	(1,999,870)	1,019,138
SMSF admin sale	-	-	(789,716)	(789,716)
Interest expenses	(18,039)	(130,186)	(132,640)	(280,865)
Depreciation & amortisation	(29,688)	(41,260)	(799,988)	(870,936)
Net profit before tax	864,247	1,935,588	(3,722,214)	(922,379)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

2021	B2B services	B2C services	All other segments	Total
	\$	\$	\$	\$
Segment assets	2,599,373	6,925,801	2,126,506	11,651,680
Segment liabilities	(790,033)	(4,217,450)	(688,558)	(5,696,041)
Net assets	1,809,340	2,708,351	1,437,948	5,955,639

2020	B2B services	B2C services	All other segments	Total
	\$	\$	\$	\$
Segment assets	3,183,168	3,094,897	8,486,492	14,764,557
Segment liabilities	(2,560,499)	(450,166)	(3,360,756)	(6,371,421)
Net assets	622,669	2,644,731	5,125,736	8,393,136

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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

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

	2021	2020
	\$	\$
Current tax payable	-	-
(Increase)/decrease in movement in deferred tax asset	35,959	(363,579)
Increase/(decrease) in movement in deferred tax liability	103,378	34,708
Increase/decrease in movement in current tax liability	-	(1)
Overprovision of tax in prior years due to change in tax rates	(743,952)	-
Income tax expense for continuing operations	(604,615)	(328,872)

(b) Reconciliation of income tax to accounting profit

	2021	2020
	\$	\$
Loss	(3,892,112)	(922,379)
Tax	26%	27.5%
	(973,028)	(253,654)
Add:		
Tax effect of:		
- amortisation of intangibles	-	48,290
- other non-assessable income or deductible expense	368,413	-
	(604,615)	(205,364)
Less:		
Tax effect of:		
- Other non-assessable items	-	(123,508)
Income tax benefit	(604,615)	(328,872)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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:

	2021	2020
	\$	\$
Cash at hand and in bank	800,705	956,199
Short-term deposits	445,564	457,360
Balance as per statement of cash flows	1,246,269	1,413,559

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

	2021	2020
	\$	\$
CURRENT		
Trade receivables	333,597	479,802
Allowance for impairment	(42,414)	(82,040)
	291,183	397,762
Loan to related parties	-	869,531
Other receivables	457,004	502,580
	457,004	1,372,111
Total current trade and other receivables	748,187	1,769,873

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

(b) Advances to Executive-Director related entities

Movements in advances to executive-director related entities are shown in table below:

	2021	2020
	\$	\$
Balance at beginning of the year	869,531	629,605
Advances	92,951	239,926
Commercial debt forgiven	(962,482)	-
Balance at end of the year	-	869,531

(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
2021	\$	\$	\$
Trade & other receivables	333,597	(42,414)	291,183
Other receivables	457,004	-	457,004
Total	790,601	(42,414)	748,187
	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
Total	1,851,913	(82,040)	1,769,873

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 2021

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.

	2021	2020
	\$	\$
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	442,551	478,711
Accumulated depreciation	(442,551)	(430,039)
Total furniture, fixtures and fittings	-	48,672
Office equipment		
At cost	78,660	91,650
Accumulated depreciation	(78,660)	(76,457)
Total office equipment	-	15,193
Leasehold improvements		
At cost	372,377	522,447
Accumulated depreciation	(372,377)	(330,081)
Total improvements	-	192,366
Assets under lease		
At cost	201,870	1,134,855
Accumulated depreciation	(124,926)	(510,594)
Total assets under lease	76,944	624,261
Total plant and equipment	76,944	880,492
At cost	1,095,458	2,227,663
Accumulated depreciation	(1,018,514)	(1347,171)
Total plant and equipment	76,944	880,492

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

(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
Year ended 30 June 2021					
Balance beginning of year	48,672	15,193	192,366	624,261	880,492
Additions	-	-	-	-	-
Disposals/ written off	(36,161)	(12,990)	(150,070)	(486,315)	(685,536)
Depreciation expenses	(12,511)	(2,203)	(42,296)	(61,002)	(118,012)
Balance at the end of year	-	-	-	76,944	76,944
Year ended 30 June 2020					
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)
Balance at the end of year	48,672	15,193	192,366	624,261	880,492

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.

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 2021

Description of the cash-generating unit (CGU)	2021	Restated
		2020
	\$	\$
Financial planning, investment advice & product sales	4,264,085	4,214,087
Accounting & taxation services	1,480,000	1,480,000
Total	5,744,085	5,694,087

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

	2021	Restated
		2020
	\$	\$
Goodwill		
Financial advice business - at cost	4,264,085	4,214,087
Accounting & tax business - at cost	1,480,000	1,480,000
Total Goodwill	5,744,085	5,694,087
Website development		
Cost	298,756	474,163
Accumulated amortisation	(298,756)	(271,719)
Net carrying value	-	202,444
Finance Income book		
Cost	177,487	198,000
Accumulated amortisation	(177,487)	(155,487)
Net carrying value	-	42,513
eBook library		
Cost	134,149	298,626
Accumulated amortisation	(134,149)	(119,268)
Net carrying value	-	179,358
Lead Database		
Cost	46,663	84,773
Accumulated amortisation	(46,663)	(42,425)
Net carrying value	-	42,348
Insurance income book		
Cost	47,252	117,313
Accumulated amortisation	(47,252)	(42,166)
Net carrying value	-	75,147
Other intangible assets		
Cost	146,556	290,648
Accumulated amortisation	(146,556)	(127,203)
Net carrying value	-	163,445
Total Intangibles net carrying value	5,744,085	6,399,342
Summary of Intangible Assets		
Cost	6,594,948	7,157,610
Accumulated amortisation	(850,863)	(758,268)
Net carrying value	5,744,085	6,399,342

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

(b) Movements in carrying amounts of intangible assets

	Website development	Insurance book	Finance income book	Lead database
Year ended 30 June 2021	\$	\$	\$	\$
Balance beginning of year	202,444	75,147	42,513	42,348
Additions	-	-	-	-
Disposals/ written off	(175,407)	(70,061)	(20,513)	(38,109)
Depreciation and impairment	(27,037)	(5,086)	(22,000)	(4,239)
Balance at the end of year	-	-	-	-

	eBook library	Other intangibles	Goodwill	Total
Year ended 30 June 2021	\$	\$	\$	\$
Balance beginning of year	179,358	163,445	5,694,087	6,399,342
Additions	-	-	49,998	49,998
Disposals/ written off	(164,477)	(144,091)	-	(612,658)
Depreciation and impairment	(14,881)	(19,354)	-	(92,597)
Balance at the end of year	-	-	5,744,085	5,744,085

	Website development	Insurance book	Finance income book	Lead database
Year ended 30 June 2020	\$	\$	\$	\$
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)
Balance at the end of year	202,444	75,147	42,513	42,348

	eBook library	Other intangibles	Goodwill	Total
Year ended 30 June 2020	\$	\$	\$	\$
Balance beginning of year	209,121	207,433	5,694,087	6,574,943
Additions	-	-	-	-
Disposals	-	(7,039)	-	(7,039)
Depreciation and impairment	(29,763)	(36,949)	-	(168,562)
Balance at the end of year	179,358	163,445	5,694,087	6,399,342

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

10. Other Assets

	2021	2020
	\$	\$
CURRENT		
Prepaid expenses and deposits	125,580	456,287
Accrued income	20,106	1,588
Other assets & receivables	36,408	28,355
	182,094	486,230

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.

	2021	Restated 2020
	\$	\$
CURRENT		
<i>Unsecured liabilities</i>		
Trade payables	833,596	1,205,924
GST payable	299,374	340,963
Superannuation payable	23,162	70,669
Payroll tax payable	45,000	63,236
Accrued wages and sales commissions	91,203	89,361
Accrued professional services	73,000	296,195
Income tax provision	-	291,756
Interest accrued	-	11,877
Other accruals	634,906	117,350
	2,000,241	2,487,331
<i>Secured liabilities</i>		
Borrowings	479,118	360,000
<i>Unsecured liabilities</i>		
Convertible notes	513,595	58,996
NON-CURRENT		
<i>Unsecured liabilities</i>		
Trade payables	-	3,953
Convertible notes	-	454,599
	-	458,552
<i>Secured liabilities</i>		
Borrowings	1,185,880	345,000

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For the year ended 30 June 2021

(a) Borrowings

The Group has a loan facility guaranteed by the Group.

Under the facility, as at 30 June 2021 the Group had a balance of \$1.66M outstanding, principal and interest payments are made in accordance with an agreed schedule over a 36-month period. The facility agreement has an average interest rate of 12.75%.

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.

	2021	2020
	\$	\$
CURRENT		
Unearned income	-	146,250
	-	146,250

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.

	2021	2020
	\$	\$
CURRENT		
Leave liabilities		
Present value obligations	148,432	172,663
	148,432	172,663
NON-CURRENT		
Leave liabilities		
Present value obligations	175,476	153,998
	175,476	153,998

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For the year ended 30 June 2021

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.

	2021	2020
	No.	No.
At the beginning of the reporting period	150,542,868	142,590,868
Shares issued during the year		
Issued 4 November 2019 – share purchase plan	-	7,952,000
Issued 31 August 2020	16,129,032	-
Issued 8 February 2021 – options exercised	500,000	-
At the end of the reporting period	167,171,900	150,542,868

Movements in issued capital

(a) Ordinary shares

	2021	2020
	\$	\$
Balance at beginning of reporting period	19,292,712	18,895,112
Issued 4 November 2019 – share purchase plan	-	397,600
Issued 31 August 2020	500,000	-
Issued 8 February 2021 – option exercised	25,000	-
Share application pending allotment	325,000	-
	20,142,712	19,292,712

(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 Spring FG Wealth 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.

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For the year ended 30 June 2021

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.

		Restated
	2021	2020
	\$	\$
Profit (loss) after income tax	(3,287,497)	(593,507)
	2021	2020
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	164,126,695	155,757,294
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	164,347,253	155,757,294
Earnings per share for profit from continuing operations attributable to the owners of WT Financial Group Limited	2021	2020
Basic earnings per share (cents)	(2.003)	(0.381)
Diluted earnings per share (cents)	(2.000)	(0.381)

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

	2021	2020
	\$	\$
Opening franking account balance	(1,663,479)	(1,663,479)
Franking credits transferred	547,123	-
	(1,116,356)	(1,663,479)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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

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	
	2021	2020	2021	2020
	\$	\$	\$	\$
Trade & other payables	2,000,241	2,487,331	-	3,953
Borrowings	992,713	418,996	1,185,880	799,599
Total	2,992,954	2,906,327	1,185,880	803,552

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For the year ended 30 June 2021

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.

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:

	2021	2020
	\$	\$
Interest expenses on lease liabilities	50,806	101,846
Depreciation of right-of-use assets	264,747	481,449
Lease – early termination	317,465	-
Occupancy costs	397,589	381,395
	1,030,607	964,690

Lease liabilities

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

Year ended 30 June 2021	<1 year	1-5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement of Financial Position
	\$	\$	\$	\$
Lease liabilities	76,944	-	76,944	76,944

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

18. Tax assets and liabilities

(a) Current tax assets

	2021	2020
	\$	\$
Current tax payable for the period	-	-
Income tax payable carried forward	-	291,756
Tax on prior period error adjustment	-	-
Income tax payable (receivable)	-	291,756

(b) Recognised deferred tax assets and liabilities

	2021	2020
	\$	\$
Deferred tax assets	3,654,102	3,690,061
Deferred tax liabilities	1,116,356	1,465,176

(c) Movement in recognised deferred tax assets and liabilities

	Opening Balance \$	Charged to Income \$	Closing Balance \$
Deferred tax assets			
Provisions	16,374	5,407	21,781
Tax losses	1,890,859	510,644	2,401,503
Employee entitlements	100,232	(19,005)	81,227
Accruals	35,122	(1,887)	33,235
Unused tax credits	1,647,474	(531,118)	1,116,356
Balance at 30 June 2021	3,690,061	(35,959)	3,654,102
Deferred tax assets			
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
Balance at 30 June 2020	3,326,481	363,580	3,690,061

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For the year ended 30 June 2021

	Opening Balance \$	Charged to Income \$	Closing Balance \$
Deferred tax liabilities			
Unused tax credits	1,383,891	(267,535)	1,116,356
Prepayments	81,285	(81,285)	-
Balance at 30 June 2021	1,465,176	(348,820)	1,116,356
Deferred tax liabilities			
Unused tax credits	1,383,891	-	1,383,891
Prepayments	46,577	34,708	81,285
Balance at 30 June 2020 restated	1,430,468	34,708	1,465,176

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.

	2021 \$	2020 \$
Auditing or reviewing the financial reports:		
- Remuneration to Rothsay	71,017	65,000
Total	71,017	65,000

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

(b) Composition of the Group

Name of entities	2021	2020
	% owned	% owned
Wealth Today Pty Ltd	100	100
WT 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
WT Financial Group Services Pty Ltd (formerly 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
WT FG Services Pty Ltd (formerly Bland Brands Pty Ltd)	100	-
Spring FG Digital Pty Ltd (50% interest sold on 19 June 2021)	-	50

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

21. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2021 (30 June 2020: 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

	2021	2020
	\$	\$
Short-term employee benefits	584,715	581,807
Long-term employee benefits	8,137	5,862
Post-employment benefits	46,415	37,265
Total	639,267	624,934

(c) Advances to key management personnel (Executive Director) related entities

For the period from FY2013 through until the end of H1 FY2021 the Group's founding executive directors agreed not to draw salaries and bonus payments totalling \$3.67M. During the same period, the Company agreed to provide shareholder entities associated with executive directors revolving advances against future dividends. Movements in the advance

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For the year ended 30 June 2021

balances have been subject to ongoing disclosure through the Company's financial statements. Since inception these advances have totalled \$3.41M; of which \$2.45M was subsequently repaid leaving a balance of \$962k. The Company terminated the revolving advance against dividend arrangements during the financial year and subsequently finalised a mutual release of any claim relating to that termination, the historical undrawn salary and bonuses, and the revolving advances (including a deed of commercial debt forgiveness with the Director related entities).

The table below sets out the details of the balances of those facilities in the aggregate at beginning and end of the period. There was no interest payable on the loans.

	Balance at 1 July 2020	Interest paid and payable on loan	Interest not charged	Commercial debt forgiveness	Highest balance during the year	Balance at 30 June 2021
Total	869,531	-	48,123	962,482	962,482	-

23. Cash flow information

(a) Reconciliation of net income to net cash provided by operating activities

	2021	Restated 2020
	\$	\$
Net profit (loss)	(3,287,497)	(593,507)
Income items excluded from operating activities cash flows		
Non-cash flows in profit or loss		
Depreciation and amortisation	419,640	718,084
Amortisation of intangibles	392,653	175,601
SMSF admin write off	-	789,719
Commercial debt forgiven	962,482	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	546,762	(195,736)
- (increase)/decrease in other assets	(26,751)	126,575
- increase/(decrease) in trade and other payables	(369,586)	265,834
- increase/(decrease) in income taxes payable	(604,616)	(620,625)
- increase/(decrease) in employee entitlements	(42,423)	43,483
Cashflow from operations	(2,009,336)	709,428

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

	2021	2020
	\$	\$
ASSETS		
Current assets	202,285	875,335
Non-current assets	15,805,624	31,948,210
TOTAL ASSETS	16,007,909	32,823,545
LIABILITIES		
Current liabilities	1,308,128	820,498
Non-current liabilities	4,455,497	21,169,194
TOTAL LIABILITIES	5,763,625	21,989,692
NET ASSETS	10,244,284	10,833,853
EQUITY		
Issued capital	20,142,712	19,292,712
Options Reserve	26,659	26,659
Retained earnings	(9,925,087)	(8,485,518)
TOTAL EQUITY	10,244,284	10,833,853
Current year earnings	(1,439,569)	(506,478)

25. Events Occurring After the Reporting Date*Acquisition of Sentry*

On 19 July 2021, the Group completed the acquisition of all of the issued capital of national financial advisory dealer group, Sentry Group Pty Limited (Sentry Group), for an initial purchase price of \$7M. This was provided to the Sentry Group selling shareholders as to 50% in cash and 50% in the form of WTL shares.

The cash consideration paid on completion of the acquisition was funded through the placement of new shares to investors identified by the Company at an issue price of \$0.075 per share, representing a 25% premium to the closing price of WTL on 9 June 2021. The Company also raised a further \$1.5M in cash to fund acquisition and integration costs, bringing total cash to be raised under the placement to \$5.0M.

Subject to achievement of a revenue performance hurdle for the financial year ending 30 June 2022 (FY2022), up to a maximum of a further \$3M will be payable to the Sellers (which will be satisfied by a combination of cash and Shares).

Key terms of the acquisition

- a) cash consideration of \$3.5M paid on completion;
- b) the issue of 46,666,667 Shares at an issue price of \$0.075 per share at completion; and
- c) the upside consideration (if any).

The upside consideration is payable only if base fee revenue contributed by Sentry in respect of FY2022 exceeds an agreed milestone as certified by the Company's auditor.

The upside consideration will be paid as to 50% by the issue of shares up to a maximum of 20M Shares. The balance of the upside consideration will be paid in cash. The issue price for these shares will be 85% of the volume weighted average price at which Shares trade on ASX (VWAP) over the 30 days up to the date of determination of the upside consideration.

The shares to be issued to the sellers are subject to voluntary escrow restrictions for a period of 2 years with respect to the shares issued on completion and 12 months with respect to the upside shares (if any).

The initial accounting for this acquisition is not yet complete as the Directors are continuing to assess the fair value of the upside consideration (if any).

DIRECTORS' DECLARATION

The financial report was authorised for issue on 30 August 2021 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 2021 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 2021.

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 2021, 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 2021 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.



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 \$1.25 million, current assets of \$2.2 million, current liabilities of \$3.2 million, a deficiency in net current assets of \$1.0 million and subsequent to year end raised \$5.0 million in issued capital, of which \$3.5 million was used to fund an acquisition.</p> <p>We also note that the company incurred a loss for the year of \$3.3 million, which was impacted by restructuring costs of \$2.9 million and had cash outflows from operations of \$2.0 million.</p> <p>Going concern was therefore considered a key audit matter.</p>	<p>We considered the current financial position of the Group, subsequent events (including capital raising of \$5 million, resulting in an additional \$1.5 million in cash available to the Group, net of the \$3.5 million acquisition of Sentry), 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>Note 9 to the financial statements shows that at 30 June 2021 the Group has recorded intangible assets of \$5,744,085.</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 note that the Group incurred taxable losses in the current year. These have been recognised as a deferred tax asset. This is disclosed in note 18 to the financial statements.</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>



WT FINANCIAL GROUP LIMITED

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

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

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

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

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 2021. 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 2021, complies with section 300A of the *Corporations Act 2001*.

Rothsay Audit & Assurance Pty Ltd

Frank Vrachas
Director

Sydney, 30 August 2021

SHAREHOLDER INFORMATION

The shareholder information set out below was current on 27 August 2021

Distribution of equity 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	10
1,001-5,000	36
5,001-10,000	145
10,001-100,000	156
100,001 or more	97
Totals	444
Number holding less than a marketable parcel	30

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	%
J P Morgan Nominees Australia Pty Limited (Somers Limited)	45,333,333	16.16%
KRC Investments Pty Ltd (Mr Keith Cullen)	35,371,540	12.61%
C A K Investments Pty Ltd, and related entities (Mr Chris Kelesis)	21,938,646	7.82%
IFM Pty Limited <IFM Super Fund A/C> (consolidated holdings)	20,323,597	7.25%
Apostman Superannuation Pty Ltd, Apostman Holdings Pty Ltd (Mr David Newman)	18,405,334	6.56%
National Nominees Limited (Micro Cap Activist Fund)	16,581,000	5.91%
Portfolio Services Pty Ltd (Ariadne Australia Limited) (consolidated Holdings)	15,564,308	5.55%
Lead Out Train Pty Ltd (Mr Michael Harrison and Mr Robert Jones)	14,774,666	5.27%
Parkwater Group Pty Ltd	8,222,667	2.93%
DAM Enterprise Services Pty Ltd	7,200,000	2.57%
Bannaby Investments Limited <Bannaby Super Fund A/C>	6,681,709	2.38%
Glennon Small Companies Limited	6,666,667	2.38%
Mr Mitchell Ansiewicz	5,099,791	1.82%
Paul SMSF Pty Ltd, Paul Biz Holdings Pty Ltd, PFTWO Pty Ltd (Mr Frank Paul)	4,323,844	1.54%
Julory Pty Ltd <The Julory A/C>	3,840,347	1.37%
Mr Angelo & Mrs Vaso Kelesis <A & V Kelesis Super Fund A/C>	3,754,109	1.34%
Ian Joye Super Fund Pty Ltd	3,021,560	1.08%
Gailforce Marketing & PR Pty Ltd <Hale Agency S/F A/C> (consolidated holdings)	2,620,190	0.93%
Dirdot Pty Limited <Griffith Super Fund A/C>	2,113,465	0.75%
Robert Jones <The R & J Super Fund A/C>	1,820,000	0.65%
Michael Harrison <The Harrison Family S/F A/C>	1,820,000	0.65%
Total securities of top 20 holdings	245,476,773	87.52%
Total of securities	280,505,232	

Unquoted equity securities

There are 513,778 convertible notes on issue with a conversion price of \$0.25 per note, that if converted to shares would result in the issue of up to 2,055,112 ordinary shares.

There are no other unquoted securities 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	%
J P Morgan Nominees Australia Pty Limited (Somers Limited)	45,333,333	16.16%
KRC Investments Pty Ltd (Mr Keith Cullen)	35,371,540	12.61%
C A K Investments Pty Ltd, and related entities (Mr Chris Kelesis)	21,938,646	7.82%
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Lead Out Train Pty Ltd (Mr Michael Harrison and Mr Robert Jones)	14,774,666	5.27%

Holders with greater than 20%

Nil

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 and convertible notes

No voting rights.

WT FINANCIAL GROUP LIMITED

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