

# FY2023 Annual Report

WT Financial Group Limited

ABN 87 169 037 058

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WT | FINANCIAL GROUP

**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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Sydney NSW 2000  
Ph: 02 9248 0422

[wtfglimited.com](http://wtfglimited.com)

**SHARE REGISTRY**

Boardroom Pty Limited  
Level 8, 210 George St  
Sydney NSW 2000  
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**ASX LISTING CODE**

“WTL”

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20 October 2023

Dear Shareholder

Our FY2023 results, which are set out in detail in the financial statement in this Annual Report, were very pleasing - with a 57% increase in revenue to more than \$162M enabling us to deliver a more than doubling of net profit after tax to \$4.14M.

In no small part, that result is thanks to our long-standing shareholders - and the many new institutional and direct investors to our share register over the past couple of years - who have all confidently backed our acquisition strategy. That strategy has included the acquisitions of Wealth Today Pty Ltd (**Wealth Today**) in January 2018; then its industry peers Sentry Group Pty Ltd (**Sentry**) in July 2021; and Synchronised Business Services Pty Ltd (**Synchron**) in March 2022.

At a time when others have been turning their backs on the profession, you have backed us to adopt a counter-cyclical approach based on our vision to create a world-class financial advice network. As our managing director Keith Cullen sets out in his report, our premise remains that the supply-demand equation is stacked firmly in favour of financial advice and wealth management networks and their advisers.

Demand for quality financial and personal risk insurance advice continues to grow as millions more Australians plan for and reach retirement – at a time when adviser supply has been reduced and barriers-to-entry set high - and net superannuation assets are growing at an incredible \$2Bn each week

Our FY2023 results are also testament to the hard work and diligence of the WTL executive team and the teams at Wealth Today, Sentry, and Synchron - and our B2C team at Spring - and to all of our advice practices and their advisers and staff who have continued to entrust us with supporting their professional and commercial endeavours.

It's a credit to all involved that we've been able to consolidate the operations of three disparate networks to all now operate under a single backend support structure, while retaining the embedded value of the different cohorts.

A key driver in our acquisition strategy was to ensure that we achieved the right level of scale to underwrite the intellectual property and the services that a broad group of advice practices needs. We're now supporting about 400 practices across Australia, so we're delighted to have achieved that scale. Our focus has now turned to maximising revenue and profits for the practices we support - and of course for your company.

King regards



Guy Hedley  
**Chairman**

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## DELIVERING RESULTS

Our strategic acquisitions - the methodical rationalisation of our network and operations - and restructuring of legacy processes and paradigms - to place advice, and our advisers and their clients, at the centre of our relationship with the practices we support, are delivering results.

### Summary of audited results

- *Revenue & Other Income* was up **57% to \$162.49M** (FY22 \$103.63M). *Direct Cost of Sales* were **\$145.40M** (FY22 \$92.56M), resulting in a gross profit increase of **54% to \$17.08M** (FY22 \$11.07M).
- *Total Operating Expenses* (excluding depreciation, amortisation, interest and tax) were \$10.62M (FY2022 \$7.15M), resulting in an *Operating Profit* (EBITDA) of \$6.46M (FY2022 \$3.92M).
- *Depreciation & Amortisation* (inclusive of Depreciation of Right-of-Use Assets) totalled \$833k (FY2022 \$503k), and underlying *Net Interest Expense* (including Lease Liability Finance Costs) was \$833k (FY2022 \$598k) resulting in Net Profit Before Tax of \$4.88M (FY2022 \$2.82M).
- With the benefit of carried-forward tax losses no cash tax liability will arise; however, the Company's statutory tax calculation was \$736k (FY2022 \$477k) resulting in a **more than doubling of statutory Net Profit After Tax to \$4.14M** (FY2022: \$1.87M).

During the period the Company cash-settled \$735k of upside performance payments associated with its July 2021 acquisition of Sentry Group Pty Ltd (Sentry); cash paid a \$1.05M deferred consideration associated with its acquisition of Synchron Advice Pty Ltd (Synchron); and cash settled \$2.34M of prior period acquired liabilities associated with its acquisition of Synchron.

It also settled upside payments of \$735k associated with its Sentry acquisition; and \$651k associated with its Synchron acquisition, via the issuance of 9.47M and 8.68M new shares respectively.

Volume-weighted shares-on-issue for the period were 327.65M - with a total of 339.23M shares and 1.5M options on issue on 30 June 2023. Accordingly, basic EPS is indicated at 1.26 CPS; and diluted EPS at 1.25 CPS.

The Company's cash balance on 30 June 2023 was \$5.31M (FY22 \$3.38M).

## FUTURE OUTLOOK

At a time when others have turned their backs on wealth advice and personal risk insurance advice, we have recognised the incredible importance of the profession in supporting Australian families. We will continue to drive paradigm shifts in the licensee-adviser relationship to improve outcomes for practitioners, their clients, and our shareholders.

Our results are not only reflective of our performance, but of the positive outlook for advice practices and licensees in Australia.

Demand for quality financial and personal risk insurance advice continues to grow as millions more Australians plan for and reach retirement. All this is occurring at a time when adviser supply has been reduced, with adviser numbers now around 15,000; down from a high of well over 25,000 in 2019; while barriers-to-entry have been set high with new minimum education standards.

On the demand side, the Australian population grew by 8.6% from 2016-2021 to 25.4M ppl, living in 9.5M occupied dwellings, with 6.5M of those being "family" households - the cohort most likely to seek financial advice and be considered for managing personal risk.

Significantly, the traditional 30-54 yo wealth accumulator market grew 8.0% to 8.58M; the 40-64 yo pre-retiree market 6.2% to 7.9M; and 65+ retiree market by a staggering 19.1% to more than 4.3M.

Across the same period, median weekly household income rose 21.4% to \$1,746; family household income 22.3% to \$2,120; while the number of households with more than \$3,000 a week in income jumped from 16.5% to be nearly 1-in-4 – or more than 2.25M households – meaning more households have the capacity to invest in professional advice.

Meanwhile, superannuation assets (the asset pool that most Australians need and seek advice on) reached \$3.3Tr late last year. With combined statutory and member contributions surpassing \$124Bn for the year - or an incredible \$2.34Bn a week, while member drawdowns of \$88Bn, or \$1.7Bn each week, were close to offset by asset growth of \$66Bn, or 1.27Bn a week.

The end result of all of this is that net superannuation assets (the largest pool of advised assets in the country) are growing at an incredible \$2Bn each week.

## MANAGING DIRECTOR'S REPORT

The outlook for our profession has never been stronger for those who embrace the modernisation of the profession, and we believe that outlook has been boosted thanks to the positive manner with which the government is approaching important reforms aimed at opening up accessibility of advice to more Australians.

As indicated in our Segment Reporting within our Consolidated Financial Statements herein, our primary business-to-business segment (B2B Segment), which includes our Wealth Today, Sentry and Synchron advice network operations, recorded NPBT of \$7.51M (FY2022 \$3.34M); while our direct-to-consumer segment (B2C Segment), which delivers a range of financial planning, accounting & tax; and mortgage finance services, directly to wholesale and retail clients through the Spring Financial Group brand, recorded NPBT of \$734k (FY2022 \$340k inclusive of a one-off debt restructuring charge of \$294k).

Whilst we are very pleased with what has been achieved through the hard work and diligence of the WTL executive team and the teams at Wealth Today, Sentry, Synchron and Spring – we have only just begun to deliver on our vision of what we know we are ultimately able to deliver to the advice practices and their advisers and staff who continue to entrust us with supporting their professional and commercial endeavours.

Delivering on that vision will drive the right financial outcomes for those practices and their clients - and for the Company and its shareholders into FY2024 and well beyond.

Regards



Keith R Cullen  
**Managing Director & CEO**

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OUR BOARD AND EXECUTIVE TEAM



**Guy Hedley**  
**Non-Executive Chairman**

Guy is chair at Stoic Asset Management and Stoic Asset Management and had 15yrs as head of Macquarie Bank private banking unit and BNP Private Banking. Refer to the Consolidated Financial Statements for Mr Hedley's bio.



**Keith Cullen**  
**Managing Director and CEO**

Keith is WTL's founder and largest (non-institutional) shareholder with more than 38yrs experience as a corporate executive and entrepreneur. Refer to the Consolidated Financial Statements for Mr Cullen's bio.



**Michael Harrison**  
**Non-Executive Director**

Michael is a significant WTL shareholder and director. More than 20yrs industry experience. Chairman of Peloton Partners and Mainstream. Refer to the Consolidated Financial Statements for Mr Harrison's bio.



**Chris Kelesis**  
**Non-Executive Director**

Chris is a foundation director and significant shareholder of WTL with more than 20yrs industry experience. Refer to the Consolidated Financial Statements for Mr Kelesis's bio.



**David Newman**  
**Joint COO, MD of Sentry subsidiary**

David is a significant WTL shareholder with more than 35yrs in financial services, specialising in strategic planning and execution. As joint-COO his focus is business development and west-coast operations.



**Jack Standing**  
**Group Head of Advice**

Jack has served more than 11yrs with WTL in key B2B and B2C advice roles and heads adviser training and education and oversees advice creation within WTL's innovative peer review and risk management framework.



**Frank Paul**  
**Joint COO, Group Head of Risk**

Frank is a significant WTL shareholder and has had more than 25yrs in financial advice, as a practice principal and senior executive including 8yrs with WTL in head of advice and COO roles. His focus is group risk management.



**Ricton Jones**  
**Group Head of Finance**

Ricton has broad experience in financial accounting, treasury, audit coordination and tax in technology and financial services, and heads finance functions across the Group. CIMA and CPA qualified.

OUR BRANDS AND THEIR SERVICES

ASX-listed parent company

WT | FINANCIAL GROUP

B2B licensing solutions for advice practices



B2B adviser and licensee services



B2B financial advice services for consumers



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# CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 30 June 2023

## WT FINANCIAL GROUP LIMITED

ABN 87 169 037 058

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## DIRECTORS' REPORT

30 June 2023

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 2023 (**FY2023**) and the Auditor's Report thereon.

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

### Directors

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

#### Guy Hedley

##### Chairman & Non-Executive Director

Guy Hedley is a non-executive director and chairman of the Company 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 and is now chair at Stoic Asset Management.

He has helped steer WTL through industry upheaval and supported the management team with its transformation to a B2B focussed enterprise.

**Interest in shares** 1,000,000 ordinary shares.

**Special responsibilities** Chairman of Audit & Risk and Remuneration & Nomination Committees.

#### Keith Cullen

##### Managing Director & CEO

Keith Cullen is the founder and managing director of the Group and the Company's largest non-institutional shareholder. He has 38 years of experience as a corporate executive and entrepreneur across broadcast media, technology, and financial services. Keith successfully conceived and implemented the strategy to pivot the group from its previous B2C focus to a primarily B2B focus through the acquisitions of Wealth Today, Sentry Group, and Synchron.

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

Asian countries.

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

**Interest in shares** 35,433,540 ordinary shares

**Special responsibilities** Member of Audit & Risk and Remuneration & Nomination Committees

#### Chris Kelesis

##### Non-Executive Director

Chris Kelesis is a foundation director of Group and significant WTL shareholder. For the period from April 2011 until August 2022 he was an executive director before moving to a non-executive role. Chris has more than 20 years of 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.

**Interest in shares** 21,963,099 ordinary shares.

**Special responsibilities** Director of various WTL subsidiaries.

#### Michael Harrison

##### Non-Executive Director

Michael Harrison is a significant WTL shareholder and commenced as a non-executive director on 20 July 2022. He has more than 20 years of financial services industry experience and was a director and significant shareholder of Sentry Group Pty Ltd when it was acquired by WTL. 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.

**Interest in shares** 16,594,666 ordinary shares.

**Special responsibilities** Nil

#### 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.

## DIRECTORS' REPORT

30 June 2023

### 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 Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Guy Hedley	11	10	5	5	2	2
Keith Cullen	11	11	5	5	2	2
Chris Kelesis	11	11	-	-	-	-
Michael Harrison	10	9	-	-	-	-

### Principal activities

WT Financial Group Limited has established itself as amongst the very largest financial adviser networks in Australia. Its wealth management, retirement planning and personal risk insurance advice services are delivered primarily through a group of privately-owned advice practices whose advisers operate as authorised representatives under its Wealth Today Pty Ltd (**Wealth Today**), Sentry Group Pty Ltd (**Sentry**) (acquired 19 July 2022) and Synchron Advice Pty Ltd (**Synchron**) (acquired 15 March 2023) subsidiaries collectively operating as its business-to-business (**B2B**) division.

The Group's business to consumer (**B2C**) division delivers a range of financial advice services directly to wholesale and retail clients through its Spring Financial Group brand.

The Group's Wealth Adviser division offers market-leading services and solutions to advisers and their clients including through regular in-person and livestreamed seminar and professional development programs and the publication of a library of more than 100 financial literacy handbooks and manuals in both digital and printed formats.

The Group's strategic acquisitions – and a program to methodically rationalise its network and operations, which has included restructuring legacy processes and paradigms - to place advice, and its advisers and their clients, at the centre of its relationship with the practices it supports - have contributed significantly to its results.

WTL's success with the integration of its acquisitions has enabled it to achieve a strong revenue and profit result during the period. Its network of financial planners and advisers collectively has in excess of \$18Bn of assets under advice; annual in-force personal insurance premiums of more than \$320M; and is responsible for circa \$25M of new insurance premium sales annually.

The Group's B2B operations contribute more than 95% of *Revenue from Ordinary Activities* and are the engine-room for growth.

Through its B2B subsidiaries, WTL provides independently-owned financial advice practices a comprehensive range of licensing, risk management & compliance, education & training, and technical support; and practice management and development services, including extensive consumer marketing and education tools.

Each of Wealth Today, Sentry, and Synchron are B2B brands (rather than consumer-facing brands), with financial advice practices in the Group operating under their own company, business and brand names - enabling them to build personal connection to their clients and the communities in which they operate.

Through the various entities that make up the Spring Financial Group B2C operations, the Group also delivers a range of financial planning, accounting & tax, and mortgage finance services, directly to wholesale and retail clients.

These operations help underwrite critical intellectual property, and skilled human resources experienced in the practical application of financial advice and services, which enable the Group to provide meaningful "real world" support and insights to the independently-owned advice practices it supports. The Group's B2C operations also serve as a "research and development lab" for both consumer and practice management strategies - setting the Group's B2B operations apart from dealer groups that have no exposure to the practical application of the marketing and delivery of advice to consumers on a day-to-day basis.

## DIRECTORS' REPORT

30 June 2023

### Operating Results and Review of Financial Position

A summary of FY2023 results is provided in the commentary below.

#### Operating results for the year

Total Revenue & Other Income was up 57% to \$162.49M (FY2022 \$103.63M), with Direct Cost of Sales of \$145.40M (FY2022 \$92.56M).

Total Operating Expenses (excluding depreciation, amortisation, interest and tax) were \$10.62M (FY2022 \$7.15M), resulting in an Operating Profit (EBITDA) of \$6.46M (FY2022 \$3.92M).

Depreciation & Amortisation (inclusive of Depreciation of Right-of-Use Assets) totalled \$833k (FY2022 \$503k), and underlying Net Interest Expense (including Lease Liability Finance Costs but excluding acquisition-related debt restructuring) was \$833k (FY2022 \$598k) resulting in an underlying operating Net Profit Before Tax of \$4.88M (FY2022 \$2.82M).

With the benefit of carried-forward tax losses of more than \$11M no cash tax liability will arise; however, the Company's statutory tax calculation was \$736k (FY2022 \$477k) resulting in a statutory Net Profit After Tax of \$4.14M (FY2022: \$1.87M).

#### Segments

The Company's FY2023 Segment Reporting is included at Note 4 of the financial statements.

The Group's primary business-to-business segment (B2B Segment), which includes its Wealth today, Sentry and Synchron dealer group operations, recorded NPBT of \$7.51M (FY2022 \$3.34M); while its direct-to-consumer segment (B2C Segment), which delivers a range of financial planning, accounting & tax; and mortgage finance services, directly to wholesale and retail clients through the Spring Financial Group brand, recorded NPBT of \$734k (FY2022 \$340k inclusive of a one-off debt restructuring charge of \$294k).

#### A. Review of financial position

The Company's FY2023 Consolidated Statement of Financial Position is included in the financial statements.

The Company's Net Asset position as at 30 June 2023 was \$25.57M (FY2022 \$20.06M).

Net Tangible Assets (NTA) were \$(5.52M) (FY2022 \$(11.03M)).

The Group had drawn financing facilities of \$6.7M (FY2022 \$4.7M) the terms of which are more fully detailed in Note 11(a).

#### Cash from operations

The Company's FY2023 Consolidated Statement of Cash Flows is included in financial statements. Cashflow from operating activities was \$2.90M (FY2022 cash outflow of \$2.85M), inclusive of the payment of more than \$2.34M of prior period acquired liabilities associated with its March 2022 acquisition of Synchron, and restructuring costs that were expensed in the prior year.

During the period the Company also cash-settled \$735k of upside performance payments associated with its July 2021 acquisition of Sentry; and cash paid a \$1.05M deferred consideration associated with its acquisition of Synchron.

The Company's cash balance on 30 June 2023 was \$5.31M (FY2022 \$3.38M).

#### Capital management

The Company settled upside considerations of \$735k associated with its Sentry acquisition; and \$651k associated with its Synchron acquisition, via the issuance of 9.47M and 8.68M new shares respectively.

Volume-weighted shares-on-issue for the period were 327.28M - with a total of 339.23M shares and 1.5M options on issue on 30 June 2023. Basic EPS was 1.26 CPS; and diluted EPS at 1.25 CPS.

#### 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.

No dividend will be declared for the period as the Directors consider it prudent to retain cash due to its payments during the period that were made to satisfy components of upside, retention and deferred payments associated with its Sentry and Synchron acquisitions. However, the Company retains its policy to pay fully-franked dividends at least annually, as and when available profit and cashflow provide.

Notwithstanding its carried-forward tax losses, the Company has a franking credit balance of \$1.49M which

## DIRECTORS' REPORT

30 June 2023

will enable it to pay future franked dividends in advance of any cash tax liability arising.

### 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.

### Audit services

Rothsay Audit & Assurance Pty Ltd (**Rothsay**) 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, 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.

### Events after the reporting date

There were no events occurring after the reporting date that have had a material impact on the Company.

### Likely developments (and risks)

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.

The potential risks associated with the Group's business are outlined below.

### **Regulatory and Licensing Requirements and Compliance**

The Company, through its various 100%-owned subsidiaries, operates in highly-regulated markets that require it to hold licences, registrations and other authorities and approvals that impose considerable statutory obligations, including with respect to monitoring and supervision of its authorised representatives.

There is a risk that regulatory and supervisory requirements, if not met, or if breached, could result in restrictive conditions being imposed or a suspension or cancellation of the licence or registration, resulting in material financial impact on the Group by way of loss of income and/or administrative or civil penalties.

While these risks can never be eliminated, the Group manages these through a comprehensive compliance and risk management framework; and through extensive internal monitoring and reporting across key aspects of its operations, including the operations and conduct of its authorised representatives. Where deemed appropriate the Company also seeks external legal and compliance advice.

### **Legislative and Regulatory Changes**

There is a 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 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.

### **Management of Future Growth**

The Company expects to continue to experience growth and increase in the number of its authorised representatives, employees, and officers. There is therefore a risk that the scope of its supporting infrastructure will be inadequate and/or systems that are not implemented and improved in a timely manner. The Group manages these risks through the recruitment of experienced operational personnel and the use of

## DIRECTORS' REPORT

30 June 2023

appropriate external consultants and contractors.

### **People risk**

Given the nature of the Group's activities as a professional services business there is a risk that the loss of key executives and contractors could cause consequential material business interruption. The Group manages this risk through its succession planning; appropriate restraints to protect ongoing business; and through market-competitive remuneration and career development opportunities.

### **Fraud or embezzlement of Group or client funds**

There is a risk that employee and authorised representative due diligence and monitoring is insufficient and/or that day-to-day operational controls are inadequate. The Group manages these risks through comprehensive risk management framework that includes fidelity and professional indemnity insurance, and appropriate policies and procedures that are regularly reviewed.

### **Client dispute and compensation claim risk**

The nature of providing financial advice and dealing in financial products is such that from time-to-time advice given by the Group either directly or by its authorised representatives generates claims from clients for compensation or refunds.

The Group operates a comprehensive risk management framework and maintains professional indemnity insurance to help mitigate these risks. It further manages these risks through claw back provisions under its authorised representative agreements with the advice practices whose advisers operate under its Wealth Today, Sentry and Synchron licenses.

However, insurance claim excesses (deductibles); annual buffer excesses; and unclaimable events (such as refunds or actions or events outside policies terms), all present potentially material financial risks - and recovery action against authorised representatives is not always possible – most notably with respect to historical claims related to departed advisers, or advisers that were directly employed by the Group.

Given the scale of the Group's operations the financial impact of these risks can be potentially material both individually and in the aggregate.

As part of its overall risk management and professional indemnity insurance regime the Company maintains

significant professional indemnity insurance - and further has a total of \$2.03M provisioned against known and unknown matters inclusive of a remaining \$1M of an initial \$2M provision by way of the Synchron Warranty Lockup (detailed at Note 12 of the financial statements).

### **Investment impairment risk**

There is a risk that events adverse to the Company's performance and prospects impact its investments, and in particular the value of acquired goodwill and intangible assets, which may then be subject to a permanent decrease in value. Any such investment write-down or impairment would result in an expense for the Group.

This risk is mitigated through close management of business operations to optimise results, and the implementation of the risk management strategies set out above.

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

Excluding any matters canvassed above, there have been no significant changes in the state of affairs of the Company during the year or to the date of this report.

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## Remuneration report summary

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

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

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

The key management personnel of the Company are:

- Guy Hedley – Non-Executive Chairman
- Keith Cullen – Managing Director & CEO
- Chris Kelesis – Non-Executive Director
- Michael Harrison – Non-Executive Director
- Frank Paul – Joint-Chief Operating Officer
- David Newman – Joint-Chief Operating Officer

This remuneration report outlines the Group's remuneration principals, framework and outcomes for the financial year ended 30 June 2023.

### 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 only when considered required and appropriate
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for the Group's 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 executives
- recognises that Group client satisfaction is a key driver to generating shareholder wealth

Alignment to program participants' interests:

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

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

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.

**DIRECTORS' REPORT – REMUNERATION REPORT**  
**30 June 2023**

**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 (**KPIs**) being achieved. KPIs 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 executive shares or options as at 30 June 2023.

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**DIRECTORS' REPORT – REMUNERATION REPORT**  
**30 June 2023**

**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-	
	Salary & fees	LSL accrual or	employment	Total
		paid	Super and other	
	\$	\$	\$	\$
<b>FY2023</b>				
<b>Non-Executive Directors (NED)</b>				
Guy Hedley (Chairman)	48,000	-	-	48,000
Chris Kelesis	60,000	-	-	60,000
Michael Harrison	30,250	-	-	30,250
<b>Executive Directors (ED)</b>				
Keith Cullen	450,831	11,908	48,376	511,115
<b>Key Executives</b>				
Frank Paul	277,853	-	49,646	327,500
David Newman	265,250	6,459	27,851	299,560

	Short term benefits	Long term	Post-	
	Salary & fees	LSL accrual or	employment	Total
		paid	Super and other	
	\$	\$	\$	\$
<b>FY2022</b>				
<b>Non-Executive Directors (NED)</b>				
Guy Hedley (Chairman)	48,000	-	-	48,000
Chris Kelesis*	50,000	-	-	50,000
Michael Harrison	31,350	-	-	31,350
<b>Executive Directors (ED)</b>				
Keith Cullen	364,324	83,459	24,608	472,391
Chris Kelesis*	27,013	37,769	179,482	244,264
<b>Key Executives</b>				
Frank Paul	254,545	-	25,455	280,000
David Newman	203,526	39,073	20,353	262,952

**Fixed and at-risk remuneration**

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

	Fixed Remuneration		At Risk Remuneration**	
	2023	2022	2023	2022
<b>Non-Executive Directors</b>				
Guy Hedley (Chairman)	100%	100%	-	-
Chris Kelesis	100%	100%	-	-
Michael Harrison	100%	100%	-	-
<b>Executive Directors</b>				
Keith Cullen	100%	100%	-	-
<b>Key Executives</b>				
Frank Paul	100%	100%	-	-
David Newman	100%	100%	-	-

### **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 set out below. Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

#### **Guy Hedley**

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

Mr Hedley commenced with the Group on 10 April 2014 and became chairman through a letter of engagement with no fixed-term that was entered into on 23 November 2014. Director's fees for the year ending 30 June 2023 of \$48,000, to be reviewed annually by the Nomination and Remuneration Committee.

#### **Chris Kelesis**

##### **Non-Executive Director**

Mr Kelesis commenced with the Group on 1 April 2011 as an executive director until 1 August 2022.

From 1 August 2022 Mr Kelesis entered into a letter of engagement with no fixed-term to act as a non-executive director with special responsibilities of acting as a director of several of the Company's subsidiaries. Director's fees for the year ending 30 June 2023 of \$30,000 and special responsibility fees for the year ending 30 June 2023 of \$30,000, to be reviewed annually by the Nomination and Remuneration Committee.

#### **Michael Harrison**

##### **Non-Executive Director**

Mr Harrison commenced with the Group on 20 July 2022 on settlement of the Company's acquisition of Sentry Group Pty Ltd when, in accordance with the terms of that acquisition, he was the nominated board member of the Sentry Sellers. Mr Harrison entered into a letter of engagement with no fixed-term and with Director's fees for the year ending 30 June 2023 of

\$30,250, to be reviewed annually by the Nomination and Remuneration Committee.

#### **Keith Cullen**

##### **Managing Director and Chief Executive Officer**

Mr Cullen founded the Group on 10 October 2010 and entered into his current ESA on 13 March 2015 with an initial fixed-term of 3-years; a 6-month termination notice by either party; entitlement to a cash bonus of up to 50% of base salary at the discretion of the Board; and customary non-solicitation, and non-compete clauses. Following review in March 2023, Mr Cullen's current base salary is \$478,000 inclusive of superannuation and remains subject to annual review by the Nomination and Remuneration Committee.

#### **Frank Paul**

##### **Joint-COO**

Mr Paul commenced with the Group on 3 September 2019, initially in a contract role before entering into his current ESA on 24 March 2022 with an annual remuneration of \$280,000 inclusive of the superannuation contributions and an annual review of not less than 3%. 6-month termination notice by either party, and non-solicitation and non-compete clauses, and continuity of service entitlements from his original start date. Mr Paul was designated as a KMP from 1 July 2022.

#### **David Newman**

##### **Joint-COO**

Mr Newman commenced with the Group on 20 July 2022 on settlement of the Company's acquisition of Sentry Group Pty Ltd and entered into his current ESA and was designated as a KMP on that same date. In accordance with the terms of that acquisition Mr Newman (and all other Sentry Group employees) received continuity of service entitlements from his original start date with Sentry on 1 March 2015. Mr Newman's ESA provides for annual remuneration of \$280,000 inclusive of the superannuation contributions and an annual review of not less than 3%. 6-month termination notice by either party, and non-solicitation and non-compete clauses.

## 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	1,000,000	-	-	1,000,000
Keith Cullen	35,433,540	-	-	35,433,540
Chris Kelesis	21,963,099	-	-	21,963,099
Michael Harrison	16,594,666	3,368,944	-	19,963,610
Frank Paul	4,347,715	-	-	4,347,715
David Newman	18,405,334	3,736,533	-	22,141,867
	97,744,354	7,105,477	-	104,849,831

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

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

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**DIRECTORS' REPORT**  
**30 June 2023**

**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 2023 has been received and forms part of the Directors' Report. It can be found on page 13 of the financial report.

**Signed in Sydney this 31st day of August 2023 in accordance with a resolution of the Board of Directors of WT Financial Group Limited.**



Guy Hedley  
**Chairman**



Keith Cullen  
**Managing Director**

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# ROTHSAY

AUDIT & ASSURANCE PTY LTD

## 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 2023, 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



Daniel Dalla

Director

Sydney, 31 August 2023

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**ABN** 14 129 769 151

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
for the year ended 30 June 2023

		2023	2022
	Note	\$	\$
Revenue	2	<b>160,512,109</b>	101,722,351
Other income	2	<b>1,975,391</b>	1,907,186
<b>Total Revenue &amp; Other Income</b>		<b>162,487,500</b>	103,629,537
Less:			
Direct cost of sales expenses	3	<b>(145,404,128)</b>	(92,558,156)
Employee benefits expense	3	<b>(7,292,170)</b>	(4,660,566)
Advertising & marketing expenses	3	<b>(965,419)</b>	(375,153)
Consulting & professional fee expenses	3	<b>(313,381)</b>	(451,463)
Rental expenses	3	<b>(185,449)</b>	(253,267)
Other operating expenses	3	<b>(1,866,007)</b>	(1,407,806)
<b>EBITDA</b>		<b>6,460,946</b>	3,923,126
Less:			
Finance costs	3	<b>(750,845)</b>	(597,742)
Depreciation & amortisation expense	3	<b>(832,718)</b>	(502,558)
One off expense	3	-	(472,156)
<b>Profit before income tax</b>		<b>4,877,383</b>	2,350,670
Income tax expense	5	<b>(735,804)</b>	(477,143)
<b>Profit after income tax expenses for the year</b>		<b>4,141,579</b>	1,873,527
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive profit for the year</b>		<b>4,141,579</b>	1,873,527

		2023	2022
	Note	Cents	Cents
<b>Earnings per share for profit/(loss) from continuing operations attributable to the owners of WT Financial Group Limited</b>			
Basic earnings per share (cents)	14	<b>1.265</b>	0.653
Diluted earnings per share (cents)	14	<b>1.253</b>	0.652

*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 2023

	Note	2023 \$	2022 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	6	5,313,022	3,384,884
Trade and other receivables	7	6,140,065	7,341,219
Other assets	10	1,705,622	1,799,936
<b>TOTAL CURRENT ASSETS</b>		<b>13,158,709</b>	<b>12,526,039</b>
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,354,716	2,099,844
Deferred tax assets	18	2,237,452	3,047,545
Intangible assets	9	31,096,472	31,096,472
<b>TOTAL NON-CURRENT ASSETS</b>		<b>34,688,640</b>	<b>36,243,861</b>
<b>TOTAL ASSETS</b>		<b>47,847,349</b>	<b>48,769,900</b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	11	10,791,680	11,479,127
Acquisition (vendor payment) accruals	11	-	4,933,400
Provisions	12	1,725,651	926,924
Lease liabilities		623,891	549,629
<b>TOTAL CURRENT LIABILITIES</b>		<b>13,141,222</b>	<b>17,889,080</b>
NON-CURRENT LIABILITIES			
Provisions	12	1,427,019	4,315,755
Borrowings secured	11	6,679,490	4,700,000
Deferred tax liabilities	18	195,150	269,439
Lease liabilities		827,332	1,533,899
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>9,128,991</b>	<b>10,819,093</b>
<b>TOTAL LIABILITIES</b>		<b>22,270,213</b>	<b>28,708,173</b>
<b>NET ASSETS</b>		<b>25,577,136</b>	<b>20,061,727</b>
<b>EQUITY</b>			
Issued capital	13	33,749,103	32,375,273
Reserves		26,659	26,659
Accumulated Dividends		(6,827,069)	(6,827,069)
Accumulated Profit/Loss		(1,371,557)	(5,513,136)
Retained earnings		(8,198,626)	(12,340,205)
<b>TOTAL EQUITY</b>		<b>25,577,136</b>	<b>20,061,727</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2023

	Ordinary Shares	Accumulated profit/ (loss)	Option Reserve	Total
2023	\$	\$	\$	\$
<b>Balance at 1 July 2022</b>	32,375,273	(12,340,205)	26,659	20,061,727
Profits attributable to members of the parent entity	-	4,141,579	-	4,141,579
<i>Transactions with owners in their capacity as owners</i>				
Shares issued during the year	1,373,830	-	-	1,373,830
<b>Balance 30 June 2023</b>	33,749,103	(8,198,626)	26,659	25,577,136

	Ordinary Shares	Accumulated profit/ (loss)	Option Reserve	Total
2022	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	20,142,712	(14,213,732)	26,659	5,955,639
Profits attributable to members of the parent entity	-	1,873,527	-	1,873,527
<i>Transactions with owners in their capacity as owners</i>				
Shares issued during the year	12,232,561	-	-	12,232,561
<b>Balance 30 June 2022</b>	32,375,273	(12,340,205)	26,659	20,061,727

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

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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		<b>162,001,355</b>	95,016,373
Payments to suppliers and employees		<b>(156,008,762)</b>	(94,512,238)
Net interest paid		<b>(746,346)</b>	(603,930)
Payment for prior period restructuring and acquisition costs		<b>(2,344,235)</b>	(2,750,833)
Net cash provided by / (used in) operating activities	23	<b>2,902,012</b>	(2,850,628)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash payments for acquisitions		<b>(1,784,423)</b>	(4,225,049)
Acquisition related debt restructuring costs		-	(472,156)
Net cash provided by / (used in) investing activities		<b>(1,784,423)</b>	(4,697,205)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		<b>1,979,490</b>	4,700,000
Repayment of borrowings		-	(2,178,593)
Repayment of lease liabilities		<b>(717,941)</b>	(495,899)
Loans to corporate authorised representatives		<b>(451,000)</b>	-
Issue of ordinary shares		-	7,660,940
Net cash provided by financing activities		<b>810,549</b>	9,686,448
Net increase/(decrease) in cash and cash equivalents held		<b>1,928,138</b>	2,138,615
Cash and cash equivalents at beginning of year		<b>3,384,884</b>	1,246,269
Cash and cash equivalents at end of financial year		<b>5,313,022</b>	3,384,884

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

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 30 June 2023

**1. Summary of Significant Accounting Policies**

The financial report of WT Financial Group Limited for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors on 31 August 2023. 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.

**(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 non-current assets, financial assets and financial liabilities.

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

**(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 the 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.

**(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.

**(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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2023

commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

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

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

### *Exceptions to lease accounting*

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

### **(e) Adoption of New and Revised Accounting Standards**

The Group has adopted all standards which became effective for the first time at 30 June 2023.

### **(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.

### **(g) Revenue**

The Group recognises revenue in accordance with AASB15. 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.

### **(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.

### **(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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 30 June 2023

**2. Revenue and other income**

The Company provides the following detailed disclosure with respect to its segment reporting, revenue composition and revenue recognition including a summary of its main revenue streams and the segments they occur in/through.

*Upfront financial advice fees*

Upfront advice fees occur in the Company's B2C and B2B channels. They include such services as writing a financial strategy (plan) for a consumer. And may extend to implementing that financial plan. Upfront advice fees are crystallised (and recognised as revenue) once the service is finalised. This is therefore generally at a point in time, rather than over time.

*Ongoing financial advice fees*

Ongoing financial advice fees occur in the Company's B2C and B2B channels. The exact construct of the ongoing services varies but is generally constructed as a form of monthly retainer payable by a consumer to an adviser for assistance with their financial affairs. Notwithstanding that the consumer may enter a long-term contract, ongoing financial advice fees are charged to clients on a cyclical basis (generally monthly in arrears) and crystallised (and recognised as revenue) on payment of the monthly retainer by client. This is generally at a point in time, however, in the case of long-term contracts is technically over time.

*Insurance Upfront Commission*

Insurance Upfront Commission occurs in the Company's B2B channel. In the case of Insurance Upfront Commission, the Company is acting as a form of agent of the insurance company and revenue is recognised accordingly (i.e., the agency commission, rather than the policy premium value is recognised). Insurance Upfront Commission is crystallised (and recognised as revenue) when paid by the underlying insurer which is when a new policy is bound as being in force. This is therefore recognised at a point in time.

*Insurance Renewal Commission*

Insurance Renewal Commission occurs in the Company's B2B channel. The Insurance Renewal Commission is crystallised (and recognised as revenue) on renewal of the relevant insurance policy (generally annually but sometimes monthly) once paid by the underlying insurer. This is therefore recognised at a point in time.

*Licensing base fees and other fees and charges*

Licensing base fees occur in the Company's B2B channel. Licensing base fees are charged to the Company's authorised representatives on a monthly basis for the provision of a variety of services including education & training, marketing support, compliance and advice and practice peer review services.

Notwithstanding that the Group's adviser may enter a long-term contract, licensing base fees are charged to advisers on a cyclical basis (generally monthly in arrears) and crystallised (and recognised as revenue) on payment of the monthly fee by the adviser. This is generally at a point in time, however, in the case of long-term contracts is technically over time.

Other fees such as professional indemnity insurance, research report and advice technology fees are charged and recognised as revenue. Notwithstanding that the Group's adviser may enter a long-term contract, these fees are charged to advisers on a cyclical basis (generally monthly in arrears) and crystallised (and recognised as revenue) on payment of the monthly fee by the adviser. This is generally at a point in time, however, in the case of long-term contracts is technically over time.

*Upfront and recurring mortgage brokerage commission*

Mortgage brokerage commission occurs in the Company's B2C channel and is paid by mortgage providers on an initial upfront basis and then ongoing monthly basis. Upfront mortgage brokerage commission is crystallised (and recognised as revenue) on settlement of new loans once paid by the underlying mortgage provider or an associated aggregator. Ongoing (or trail) mortgage brokerage commission is crystallised (and recognised as revenue) on a monthly basis for the duration of the loan once paid by the underlying mortgage provider or an associated aggregator. In each case this is therefore recognised at a point in time.

*Timing of revenue recognition*

Financial services revenue is recognised when the right to revenue is crystallised.

*Note regarding cost of goods sold*

Under its contracts with its authorised representatives the Company pays a large percentage (or split) of its gross revenue to the adviser. This generally varies from 80-95% (and in some cases 100%) depending on a number of factors.

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Salaried advisers are not entitled to any percentage of gross revenue.

*Superannuation fund administration and accounting*

Superannuation fund administration and accounting fees occur in the Company's B2C channel. These fees are charged to clients on a cyclical basis (generally monthly in arrears) and crystallised on payment by client. In accordance with the Company's agreements with its clients, the services are provided on a monthly basis and fees need to be paid on a monthly basis and are not refundable.

A handful of these fees are charged on an annual in arrears basis. In which case they are recognised when invoiced.

Notwithstanding that clients may enter a long-term contract; superannuation fund administration and accounting revenue is crystallised on payment of the monthly fee by the client. This is generally at a point in

time, however, in the case of long-term contracts is technically over time.

**Finance income**

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

**Other income**

Other income includes a gain on revaluation of financial liability associated with its acquisition of Synchron Pty Ltd. Other income (in the prior period) also includes gain on financial liabilities associated with acquisition of Sentry Group Pty Ltd.

	2023	2022
	\$	\$
<b>Revenue - provision of services</b>	<b>160,512,109</b>	101,722,351
<b>Other Income</b>		
- finance income (interest received)	12,553	19,951
- Government grants	-	137,173
- other income	1,962,838	1,750,062
<b>Total Other Income</b>	<b>1,975,391</b>	1,907,186
<b>Total Revenue &amp; Other Income</b>	<b>162,487,500</b>	103,629,537

See Segment Reporting at Note 4 for details of disaggregated revenue.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**3. Expenses**

	2023	2022
	\$	\$
<b>Details of total expenses</b>		
<b>Direct costs to generate revenue</b>		
Direct Financial Planning costs	145,028,187	92,150,636
Direct Accounting Services costs	269,897	316,107
Direct Real Property costs	5,337	5,337
Direct Finance costs	100,707	86,076
	<b>145,404,128</b>	<b>92,558,156</b>
<b>Employee benefits expense</b>		
Amounts paid to staff	6,030,126	3,690,655
Superannuation	640,956	470,508
Consultants, contractors & directors' fees	175,490	167,658
Other employment expenses	445,598	331,745
	<b>7,292,170</b>	<b>4,660,566</b>
<b>Advertising &amp; marketing expenses</b>	<b>965,419</b>	<b>375,153</b>
<b>Consulting &amp; professional fees</b>		
Audit & taxation fees	141,779	323,973
Legal fees	165,352	107,590
Other professional fees	6,250	19,900
	<b>313,381</b>	<b>451,463</b>
<b>Rental expenses</b>	<b>185,449</b>	<b>253,267</b>
<b>Other operating expenses</b>		
Travel & accommodation	280,301	66,863
IT and telephone expenses	503,386	335,709
Insurance	38,190	147,585
Licences, memberships & subscriptions	544,903	363,064
Bad debts written-off	157,708	134,761
Printing, stationery, postage and couriers	101,676	112,334
Other expenses	239,843	247,490
	<b>1,866,007</b>	<b>1,407,806</b>
<b>Depreciation &amp; amortisation expense</b>		
Right of use assets	733,119	471,215
Plant & equipment	99,599	31,343
	<b>832,718</b>	<b>502,558</b>
<b>Finance costs</b>		
Interest paid	750,845	597,742
	<b>750,845</b>	<b>597,742</b>
<b>Synchron restructuring expenses</b>	-	472,156
<b>Total Expenses</b>	<b>157,610,117</b>	<b>101,278,867</b>

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#### **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) independently-owned financial advice practices whose advisers operate as authorised representatives of Wealth Today, Sentry, and Synchron. These authorised representatives act (in effect) as agents of the Company (rather than it being the other way around).

That is, despite the authorised representatives having the primary responsibility of interfacing with consumers, at all times as the AFSL holder, responsible for the provision of financial services (at law and in accordance with its license conditions) the Company is acting as the principal when financial services are provided to consumers.

**Direct to consumer (B2C).** In what it refers to as its B2C division the Company has salaried financial advisers who operate under the Company's corporate structure/brand. Again, at all times the Company is acting as the principal in the provision of financial services to these consumers.

This B2C division includes an accounting practice, with salaried employees offering accounting, tax and SMSF administration services to consumers under the Company's corporate structure/brand. Again, the Company acts as principal at all times in providing these services.

This B2C division also includes a mortgage brokerage business, with salaried employees assisting consumers with mortgages; and historically included a real estate license with salaried employees offering real estate services as a buyer's agent or seller agent. In each of these cases the Company acts (or acted) as an agent (of either a mortgage aggregator and/or a bank in the case of mortgages; or the property vendor or buyer in the case of real estate services).

This segment operates under the Spring Financial Group brand.

**All Other Segments.** All other transactions are recorded as All Other Segments. Included in EBITDA of All Other Segments are Group overhead expenses.

These 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 in assessing performance and determining 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.

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**(b) Segment performance**

<b>2023</b>	<b>B2B services</b>	<b>B2C services</b>	<b>All other segments</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>				
Sales	157,819,623	1,709,417	983,069	160,512,109
Other income	1,952,666	-	10,172	1,962,838
Interest revenue	3,644	8,068	841	12,553
<b>Total segment revenue</b>	<b>159,775,933</b>	<b>1,717,485</b>	<b>994,082</b>	<b>162,487,500</b>
<b>EBITDA</b>				
Interest expenses	(135,429)	-	(615,416)	(750,845)
Depreciation & amortisation	(483,715)	-	(349,003)	(832,718)
One off expense	-	-	-	-
<b>Net profit before tax</b>	<b>7,514,381</b>	<b>733,963</b>	<b>(3,370,961)</b>	<b>4,877,383</b>
<b>2022</b>				
	<b>B2B services</b>	<b>B2C services</b>	<b>All other segments</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>				
Sales	99,622,021	1,994,697	105,633	101,722,351
Other income	6,880	-	1,880,355	1,887,235
Interest revenue	352	8,061	11,538	19,951
<b>Total segment revenue</b>	<b>99,629,253</b>	<b>2,002,758</b>	<b>1,997,526</b>	<b>103,629,537</b>
<b>EBITDA</b>				
Interest expenses	(127,108)	(185,600)	(285,034)	(597,742)
Depreciation & amortisation	(258,983)	-	(243,575)	(502,558)
One off expense	-	(294,462)	(177,694)	(472,156)
<b>Net profit before tax</b>	<b>3,335,174</b>	<b>340,876</b>	<b>(1,325,380)</b>	<b>2,350,670</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

2023	B2B services	B2C services	All other segments	Total
	\$	\$	\$	\$
Segment assets	28,198,067	2,859,234	16,790,048	47,847,349
Segment liabilities	(7,054,271)	(2,257,057)	(12,958,885)	(22,270,213)
<b>Net assets</b>	<b>21,143,796</b>	<b>602,177</b>	<b>3,831,163</b>	<b>25,577,136</b>

2022	B2B services	B2C services	All other segments	Total
	\$	\$	\$	\$
Segment assets	27,420,985	3,593,052	17,755,863	48,769,900
Segment liabilities	(19,989,242)	(843,825)	(7,875,106)	(28,708,173)
<b>Net assets</b>	<b>7,431,743</b>	<b>2,749,227</b>	<b>9,880,757</b>	<b>20,061,727</b>

### 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, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.
- Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

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

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 30 June 2023

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

	2023	2022
	\$	\$
<b>Current tax payable</b>	-	-
(Increase)/decrease in movement in deferred tax asset	<b>810,093</b>	606,557
Increase/(decrease) in movement in deferred tax liability	<b>(74,289)</b>	(846,917)
Overprovision of tax in prior years due to change in tax rates	-	717,503
<b>Income tax expense for continuing operations</b>	<b>735,804</b>	477,143

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

	2023	2022
	\$	\$
Profit/ (Loss)	<b>4,877,383</b>	2,350,670
Tax	<b>30%</b>	30%
	<b>1,463,215</b>	705,201
Add:		
Tax effect of:		
- other non-assessable income or deductible expense	-	-
	<b>1,463,215</b>	705,201
Less:		
Tax effect of:		
- Other non-assessable items or deductible expense	<b>(727,411)</b>	(228,058)
<b>Income tax (benefit)/expense</b>	<b>735,804</b>	477,143

**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:

	2023	2022
	\$	\$
Cash at hand and in bank	<b>4,995,581</b>	2,979,378
Short-term deposits	<b>317,441</b>	405,506
<b>Balance as per statement of cash flows</b>	<b>5,313,022</b>	3,384,884

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 30 June 2023

**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.

	2023	2022
	\$	\$
<b>Trade Receivables</b>		
<b>CURRENT</b>		
Trade receivables	6,109,791	7,322,228
Allowance for impairment	(120,513)	(105,514)
	<b>5,989,278</b>	7,216,714
Other receivables	<b>150,787</b>	124,505
<b>Total current trade and other receivables</b>	<b>6,140,065</b>	7,341,219

**(a) 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 (c) 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.

**(b) 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.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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	Gross amount	Past due & impaired	Within initial trade terms
<b>2023</b>	\$	\$	\$
Trade & other receivables	6,109,791	(120,513)	5,989,278
Other receivables	150,787	-	150,787
<b>Total</b>	<b>6,260,578</b>	<b>(120,513)</b>	<b>6,140,065</b>

  

	Gross amount	Past due & impaired	Within initial trade terms
2022	\$	\$	\$
Trade & other receivables	7,322,228	(105,514)	7,216,714
Other receivables	124,505	-	124,505
<b>Total</b>	<b>7,446,733</b>	<b>(105,514)</b>	<b>7,341,219</b>

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

**8. Plant & equipment**

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

**(a) Depreciation**

Plant & equipment is depreciated on a reducing balance basis over the asset's 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.

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	2023	2022
<b>Plant &amp; Equipment</b>	<b>\$</b>	<b>\$</b>
Furniture, fixtures and fittings		
At cost	<b>152,493</b>	150,551
Accumulated depreciation	<b>(89,483)</b>	(68,492)
<b>Total furniture, fixtures and fittings</b>	<b>63,010</b>	82,059
Office equipment		
At cost	<b>518,183</b>	518,183
Accumulated depreciation	<b>(472,156)</b>	(397,863)
<b>Total office equipment</b>	<b>46,027</b>	120,320
Leasehold improvements		
At cost	<b>49,045</b>	49,045
Accumulated depreciation	<b>(9,098)</b>	(4,783)
<b>Total improvements</b>	<b>39,947</b>	44,262
Assets under lease		
At cost	<b>3,073,050</b>	2,987,402
Accumulated depreciation	<b>(1,867,318)</b>	(1,134,199)
<b>Total assets under lease</b>	<b>1,205,732</b>	1,853,203
<b>Total plant and equipment</b>	<b>1,354,716</b>	2,099,844
<b>At cost</b>	<b>3,792,771</b>	3,095,383
<b>Accumulated depreciation</b>	<b>(2,438,055)</b>	(995,539)
<b>Total plant and equipment</b>	<b>1,354,716</b>	2,099,844

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

### (b) Movements in carrying amounts of plant & equipment

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

	Furniture, fixtures and fittings	Office equipment	Leasehold improvements	Assets under lease	Total
<b>Year ended 30 June 2023</b>					
Balance beginning of year	82,059	120,320	44,262	1,853,203	2,099,844
Additions	1,942	-	-	85,648	87,590
Disposals/written off	-	-	-	-	-
Depreciation expenses	(20,991)	(74,293)	(4,315)	(733,119)	(832,718)
<b>Balance at the end of year</b>	<b>63,010</b>	<b>46,027</b>	<b>39,947</b>	<b>1,205,732</b>	<b>1,354,716</b>
<b>Year ended 30 June 2022</b>					
Balance beginning of year	-	-	-	76,944	76,944
Additions	82,059	151,663	44,262	2,247,474	2,525,458
Disposals/written off	-	-	-	-	-
Depreciation expenses	-	(31,343)	-	(471,215)	(502,558)
<b>Balance at the end of year</b>	<b>82,059</b>	<b>120,320</b>	<b>44,262</b>	<b>1,853,203</b>	<b>2,099,844</b>

### 9. Intangible assets

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

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

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

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

#### 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:

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	2023	2022
<b>Description of the cash-generating unit (CGU)</b>	<b>\$</b>	<b>\$</b>
Financial advice business - at cost (B2B and B2C combined)	<b>29,616,472</b>	29,616,472
Accounting & tax business - at cost (B2C)	<b>1,480,000</b>	1,480,000
<b>Total Goodwill</b>	<b>31,096,472</b>	31,096,472

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**

	2023	2022
	<b>\$</b>	<b>\$</b>
<b>Goodwill</b>		
Financial advice business - at cost (B2B and B2C combined)	<b>29,616,472</b>	29,616,472
Accounting & tax business - at cost (B2C)	<b>1,480,000</b>	1,480,000
<b>Total Goodwill</b>	<b>31,096,472</b>	31,096,472
<b>Total Intangibles net carrying value</b>	<b>31,096,472</b>	31,096,472
<b>Summary of Intangible Assets</b>		
Cost	<b>31,096,472</b>	31,096,472
Accumulated amortisation	-	-
<b>Net carrying value</b>	<b>31,096,472</b>	31,096,472

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**(b) Movements in carrying amounts of intangible assets**

	<b>Goodwill</b>	<b>Total</b>
<b>Year ended 30 June 2023</b>	<b>\$</b>	<b>\$</b>
Balance beginning of year	<b>31,096,472</b>	<b>31,096,472</b>
Additions	-	-
Disposals/ written off	-	-
Depreciation and impairment	-	-
<b>Balance at the end of year</b>	<b>31,096,472</b>	<b>31,096,472</b>

	<b>Goodwill</b>	<b>Total</b>
<b>Year ended 30 June 2022</b>	<b>\$</b>	<b>\$</b>
Balance beginning of year	5,744,085	5,744,085
Additions	25,352,387	25,352,387
Disposals	-	-
Depreciation and impairment	-	-
<b>Balance at the end of year</b>	<b>31,096,472</b>	<b>31,096,472</b>

**10. Other Assets**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Prepaid expenses and deposits	<b>1,653,109</b>	1,755,475
Other assets & receivables	<b>52,513</b>	44,461
	<b>1,705,622</b>	1,799,936

**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.

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for the year ended 30 June 2023

	2023	2022
	\$	\$
<b>CURRENT</b>		
<i>Unsecured liabilities</i>		
Trade payables	<b>9,848,476</b>	9,861,701
GST payable	<b>413,964</b>	222,512
Superannuation payable	-	82,963
Payroll tax payable	<b>102,458</b>	58,457
Accrued wages and sales commissions	<b>259,520</b>	91,848
Accrued professional services	<b>64,342</b>	46,941
Income tax provision	-	(90,099)
Other accruals	<b>102,920</b>	1,204,804
	<b>10,791,680</b>	11,479,127
<i>Acquisition (vendor payment) accruals</i>		
Sentry Group	-	1,455,900
Synchron Group	-	3,477,500
	-	4,933,400
<b>NON-CURRENT</b>		
<i>Secured liabilities</i>		
Borrowings	<b>6,679,490</b>	4,700,000

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 30 June 2023

**(a) Borrowings**

The Group has a loan facility guaranteed by the Group.

Under the facility, as at 30 June 2023 the Group had a balance of \$6.68M outstanding. Principal and interest payments are made in accordance with an agreed schedule. The facility agreement has an average interest rate of 9.50% p.a.

**12. Other Liabilities**

The nature of providing financial advice and dealing in financial products is such that from time-to-time advice given by the Group (either directly by salaried employees in its B2C division or by its authorised representatives in its B2B division) generates claims from clients for compensation or refunds.

The Group operates a comprehensive risk management framework and maintains professional indemnity insurance to help mitigate these risks. It further manages these risks through claw back provisions under its authorised representative agreements with the advice practices whose advisers operate under its Wealth Today, Sentry and Synchron licenses.

However, insurance claim excesses (deductibles); annual

buffer excesses; and unclaimable events (such as refunds - or actions or events that fall outside PI policy terms), are all potentially material and recovery action against authorised representatives is not always possible – most notably with respect to historical claims related to departed advisers - or related to advisers that were directly employed by the Group. Given the scale of the Group's operations these can be potentially material both individually and in the aggregate.

As part of its overall risk management and professional indemnity insurance regime the Company has a total of \$2.03M provisioned against known and unknown matters (these accruals have historically been included in trade & other payables).

Under the Synchron share purchase agreement the Company and the Synchron Sellers agreed to an accrual of \$2M as a warranty reserve (**Warranty Lockup**) which was fully provided for in the Company's financial statements. To the extent that any component of the Warranty Lockup remains undrawn/unused after 2-years, 50% of the unused/undrawn portion will be released to the Synchron Sellers up to a maximum of \$1M.

	<b>2023</b>	2022
	\$	\$
<b>CURRENT</b>		
Professional indemnity claims provision	<b>1,031,155</b>	441,386
<b>NON-CURRENT</b>		
Professional indemnity claims provision	-	1,991,839
Synchron Warranty Lockup Provision	<b>1,000,000</b>	2,000,000
	<b>1,000,000</b>	3,991,839

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 30 June 2023

	2023	2022
	\$	\$
<b>CURRENT</b>		
Leave liabilities		
Present value obligations	694,496	485,538
	<b>694,496</b>	<b>485,538</b>
<b>NON-CURRENT</b>		
Leave liabilities		
Present value obligations	427,019	323,916
	<b>427,019</b>	<b>323,916</b>

**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.

	2023	2022
	No.	No.
<b>Shares on issue</b>		
At the beginning of the reporting period	321,080,842	167,171,900
Shares issued during the year		
Issued 19 July 2021 – acquisition of Sentry Group	-	113,333,332
Issued 16 March 2022 – acquisition of Synchron Group	-	40,575,610
Issued 25 October 2022 – backend of Sentry Group	6,105,026	-
Issued 30 November 2022 – backend of Sentry Group	3,368,944	-
Issued 28 June 2023 – backend of Synchron Group	8,679,546	-
<b>At the end of the reporting period</b>	<b>339,234,358</b>	<b>321,080,842</b>

**Movements in issued capital**

**(a) Ordinary shares**

	2023	2022
	\$	\$
At the beginning of the reporting period	32,375,273	20,142,712
Shares issued during the year		
Issued 19 July 2021 – acquisition of Sentry Group	-	8,175,000
Issued 16 March 2022 – acquisition of Synchron Group	-	4,057,561
Issued 25 October 2022 – backend of Sentry Group	465,813	-
Issued 30 November 2022 – backend of Sentry Group	257,050	-
Issued 28 June 2023 – backend of Synchron Group	650,967	-
<b>At the end of the reporting period</b>	<b>33,749,103</b>	<b>32,375,273</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 30 June 2023

**(c) 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 1,500,000 options to acquire ordinary shares on issue. There are no rights outstanding.

**(d) 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 Licences held by the Company's subsidiaries that are so licensed.

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

**14. Earnings per share**

**(a) 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.

**(b) 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

	<b>2023</b>	2022
	\$	\$
<b>Profit (loss) after income tax</b>	<b>4,141,579</b>	1,873,527
	<b>2023</b>	2022
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<b>327,282,966</b>	286,810,961
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	<b>328,782,966</b>	287,250,687
Earnings per share for profit from continuing operations attributable to the owners of WT Financial Group Limited	<b>2023</b>	2023
<b>Basic earnings per share (cents)</b>	<b>1.265</b>	0.653
<b>Diluted earnings per share (cents)</b>	<b>1.253</b>	0.652

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 30 June 2023

**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**

	2023	2022
	\$	\$
Opening balance	1,491,264	(1,116,356)
Company tax paid/(refund)	-	-
Franking credits transferred	-	2,607,620
	<b>1,491,264</b>	<b>1,491,264</b>

**16. Financial risk management**

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

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

The Group does not speculate in financial assets.

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

**Specific risks**

- Liquidity risk
- Credit risk

**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. 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 including undrawn credit facilities to meet its obligations under all reasonably expected circumstances.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 30 June 2023

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

	Less than 12 months		1 year – 5 years	
	2023	2022	2023	2022
	\$	\$	\$	\$
Trade & other payables	10,791,680	11,479,127	-	-
Borrowings	-	-	6,679,490	4,700,000
<b>Total</b>	<b>10,791,680</b>	<b>11,479,127</b>	<b>6,679,490</b>	<b>4,700,000</b>

**Credit risk**

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

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

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by 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 geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Managing Director 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**

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:

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 30 June 2023

	2023	2022
	\$	\$
Interest expenses on lease liabilities	142,691	145,509
Depreciation of right-of-use assets	733,119	471,215
Occupancy costs	185,449	253,267
	<b>1,061,259</b>	869,991

**(a) Lease liabilities**

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

Year ended 30 June 2023	<1 year	1-5 years	Total undiscounted lease liabilities	As in Statement of Financial Position
	\$	\$	\$	\$
Lease liabilities	732,979	1,140,482	1,873,461	1,451,223

**18. Tax assets and liabilities**

**(a) Recognised deferred tax assets and liabilities**

	2023	2022
	\$	\$
Deferred tax assets	2,237,452	3,047,545
Deferred tax liabilities	195,150	269,439

**(b) Movement in recognised deferred tax assets and liabilities**

Deferred tax assets	Opening Balance	Charged to Income	Closing Balance
	\$	\$	\$
Provisions	26,379	9,775	36,154
Tax losses	2,799,611	(954,071)	1,845,540
Employee entitlements	202,363	134,092	336,455
Accruals	19,192	111	19,303
<b>Balance at 30 June 2023</b>	<b>3,047,545</b>	<b>(810,093)</b>	<b>2,237,452</b>

	Opening Balance	Charged to Income	Closing Balance
	\$	\$	\$
Deferred tax assets			
Provisions	21,781	4,598	26,379
Tax losses	2,401,503	398,108	2,799,611
Employee entitlements	81,227	121,136	202,363
Accruals	33,235	(14,043)	19,192
Unused tax credits	1,116,356	(1,116,356)	-
<b>Balance at 30 June 2022</b>	<b>3,654,102</b>	<b>(606,557)</b>	<b>3,047,545</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

Deferred tax liabilities	Opening Balance \$	Charged to Income \$	Closing Balance \$
Prepayments	269,439	(74,289)	195,150
<b>Balance at 30 June 2023</b>	<b>269,439</b>	<b>(74,289)</b>	<b>195,150</b>

Deferred tax liabilities	Opening Balance \$	Charged to Income \$	Closing Balance \$
Unused tax credits	1,116,356	(1,116,356)	-
Prepayments	-	269,439	269,439
<b>Balance at 30 June 2022</b>	<b>1,116,356</b>	<b>(846,917)</b>	<b>269,439</b>

### 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).

	2023 \$	2022 \$
Auditing or reviewing the financial reports:		
- Remuneration to Rothsay	110,000	118,205
<b>Total</b>	<b>110,000</b>	<b>118,205</b>

### 20. Interest in subsidiaries

#### (a) Principles of consolidation

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

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

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

#### Parent entity

The Company was incorporated on 10 April 2014 as the interposed head entity of the Group 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.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 30 June 2023

**(b) Composition of the Group**

Name of subsidiary entity	2023	2022
	%-owned	%-owned
Wealth Today Pty Ltd	100	100
WT Finance Pty Ltd	100	100
WT Financial Group Services Pty Ltd	100	100
Spring FG Accounting Pty Ltd	100	100
SFG Private Wealth Pty Ltd	100	100
Spring FG Funds Management Pty Ltd	100	100
Spring FG Realty Pty Ltd	100	100
Wealth Adviser Legal Services Pty Ltd (incorporated 4 August 2022)	100	-
MySuper247 Pty Ltd	100	100
MyTax247 Pty Ltd	100	100
SFGW Pty Ltd	100	100
WT FG Services Pty Ltd	100	100
Sentry Group Pty Ltd	100	100
Sentry Advice Pty Limited	100	100
Wealthsure Financial Services Pty Ltd	100	100
Sentry Credit Services Pty Limited (disposed 26 October 2022)	-	100
Sentry Financial Planning Pty Ltd	100	100
Sentry Planning Services Pty Limited	100	100
Sentry Group Services Pty Ltd	100	100
Sentry Financial Services Pty Limited	100	100
Sentry Wealth Pty Limited	100	100
ACN 633 357 481 Pty Ltd	100	100
Synchron Advice Pty Ltd	100	100
Wealth Adviser Investments Solutions Pty Ltd	100	100
Synchron Medical Pty Ltd	50	50

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 30 June 2023

**21. Contingencies**

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2023 (30 June 2022: 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 Director related entities and close family members of key management personnel and entities that are controlled or significantly influenced by those personnel or their close family members.

During the year, there were no transactions undertaken with any other related parties other than with respect to professional services rendered by Peloton Partners, a practice management advisory business of which Non-Executive Director Michael Harrison is a principal. Peloton Partners provided certain services to and on behalf of the Company on an arms-length basis and as set out in 22 (c), below.

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

	<b>2023</b>	2022
	\$	\$
Short-term employee benefits	<b>1,102,184</b>	978,758
Long-term employee benefits	<b>18,367</b>	160,301
Post-employment benefits	<b>125,873</b>	249,898
<b>Total</b>	<b>1,246,424</b>	1,388,957

**(c) Related party transactions**

	<b>2023</b>	2022
	\$	\$
Professional services rendered by Peloton Partners	<b>101,250</b>	101,250
<b>Total</b>	<b>101,250</b>	101,250

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended 30 June 2023

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

	<b>2023</b>	2022
	<b>\$</b>	\$
Net profit (loss)	<b>4,141,579</b>	1,873,527
Income items excluded from operating activities cash flows		
Non-cash flows in profit or loss		
Depreciation and amortisation	<b>832,718</b>	502,558
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	<b>1,227,437</b>	(7,824,672)
- (increase)/decrease in other assets	<b>68,031</b>	12,053
- increase/(decrease) in trade and other payables	<b>(2,944,011)</b>	2,694,022
- increase/(decrease) in income taxes payable	<b>(735,804)</b>	(330,460)
- increase/(decrease) in employee entitlements	<b>312,062</b>	222,344
Cashflow from operations	<b>2,902,012</b>	(2,850,628)

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2023

### 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.

	2023	2022
	\$	\$
<b>ASSETS</b>		
Current assets	149,108	1,073,847
Non-current assets	31,444,818	29,943,673
<b>TOTAL ASSETS</b>	<b>31,593,926</b>	<b>31,017,520</b>
<b>LIABILITIES</b>		
Current liabilities	785,287	221,650
Non-current liabilities	8,720,997	8,913,225
<b>TOTAL LIABILITIES</b>	<b>9,506,284</b>	<b>9,134,875</b>
<b>NET ASSETS</b>	<b>22,087,642</b>	<b>21,882,645</b>
<b>EQUITY</b>		
Issued capital	33,749,103	32,375,273
Options Reserve	26,659	26,659
Accumulated profit	(11,688,120)	(10,519,287)
<b>TOTAL EQUITY</b>	<b>22,087,642</b>	<b>21,882,645</b>
<b>Current year losses</b>	<b>(1,168,833)</b>	<b>(594,200)</b>

### 25. Events Occurring After the Reporting Date

There were no events occurring after the Reporting date for inclusion in these financial statements.

## DIRECTORS' DECLARATION

The financial report was authorised for issue on 31 August 2023 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 2023 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 2023.

Signed in accordance with a resolution of the Directors.



Guy Hedley  
Chairman



Keith Cullen  
Managing Director

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# ROTHSAY

AUDIT & ASSURANCE PTY LTD

## 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 controlled entities ("the Group"), which comprises the statement of financial position as at 30 June 2023, 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 Director's 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 2023 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 Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Key Audit Matters

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

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## WT FINANCIAL GROUP LIMITED

### INDEPENDENT AUDITOR'S REPORT (continued)

#### Impairment Assessment of Intangible Assets

Note 9 to the financial statements shows that at 30 June 2023 the Group has recorded intangible assets of \$31,096,472.

This was considered a key audit matter given the significant judgement involved in assessing the recoverable amount of these assets.

#### Going Concern

We considered the reported financial performance and financial position and considered it to be a key audit matter.

#### 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 2023 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.

#### Director's Responsibility 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 Company or to cease operations, or have no realistic alternative but to do so.

#### How our Audit Addressed the Key Audit Matter

Our procedures included:

- Reviewing the calculations and performing an assessment of the reasonableness of inputs used in the management's analysis; and
- Assessing the appropriateness of the related disclosures in the financial report.

#### How our Audit Addressed the Key Audit Matter

Our procedures included:

- Review of management's assessment of going concern;
- Review of budgets and results subsequent to year end.

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## WT FINANCIAL GROUP LIMITED

### INDEPENDENT AUDITOR'S REPORT (continued)

#### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

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.
- 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, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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**WT FINANCIAL GROUP LIMITED**

**INDEPENDENT AUDITOR'S REPORT (continued)**

**Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023. 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**

In our opinion the Remuneration Report of WT Financial Group Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

**Rothsay Audit & Assurance Pty Ltd**

**Daniel Dalla**

Director

Sydney, 31 August 2023

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## SHAREHOLDER INFORMATION

The Company's ordinary shares are listed on the Australian Securities Exchange. ASX code WTL. The shareholder information set out below was current on 18 October 2023.

### 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	14
1,001-5,000	27
5,001-10,000	144
10,001-100,000	156
100,001 or more	122
<b>Totals</b>	<b>463</b>
Number holding less than a marketable parcel	43

### Twenty largest holders of ordinary shares

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	No. held	%
J P Morgan Nominees Australia Pty Limited (UIL Limited)	69,673,328	20.54%
KRC Investments Pty Ltd (Mr Keith Cullen)	35,433,540	10.45%
Apostman Superannuation Pty Ltd, Apostman Holdings Pty Ltd (Mr David Newman)	22,141,867	6.53%
C A K Investments Pty Ltd & related entities (Mr Chris Kelesis)	21,963,099	6.47%
Portfolio Services Pty Ltd (Ariadne Australia Limited)	20,564,308	6.06%
Lead Out Train Pty Ltd & related entities (Mr Michael Harrison, Mr Robert Jones)	19,963,610	5.88%
IFM Pty Limited <IFM Super Fund A/C>	19,907,597	5.87%
J P Morgan Nominees Australia Pty Limited (Glennon Small Companies Limited)	11,641,729	3.43%
Parkwater Group Pty Ltd	9,000,000	2.65%
Robyn Annette Prossor	8,485,091	2.50%
Llenpart Insurance and Investment Services Pty Ltd	8,485,091	2.50%
DAM Enterprise Services Pty Ltd	7,200,000	2.12%
Bannaby Investments Limited <Bannaby Super Fund A/C>	6,681,709	1.97%
Julory Pty Ltd	6,015,347	1.77%
Mr Mitchell Ansiewicz	5,099,791	1.50%
Paul SMSF Pty Ltd & related entities (Mr Frank Paul)	4,347,715	1.28%
Mr Angelo & Mrs Vaso Kelesis <A & V Kelesis Super Fund A/C>	3,754,109	1.11%
Gailforce Marketing & PR Pty Ltd	3,093,297	0.91%
Ian Joye Super Fund Pty Ltd	3,021,560	0.89%
Locope Pty Ltd	2,700,000	0.80%
<b>Total shares of top 20 holdings</b>	<b>289,172,788</b>	<b>85.24%</b>
<b>Total shares on issue</b>	<b>339,234,358</b>	

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## SHAREHOLDER INFORMATION

### 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	No. held	%
J P Morgan Nominees Australia Pty Limited (UIL Limited)	69,673,328	20.54%
KRC Investments Pty Ltd (Mr Keith Cullen)	35,433,540	10.45%
Apostman Superannuation Pty Ltd, Apostman Holdings Pty Ltd (Mr David Newman)	22,141,867	6.53%
C A K Investments Pty Ltd & related entities (Mr Chris Kelesis)	21,963,099	6.47%
Portfolio Services Pty Ltd (Ariadne Australia Limited)	20,564,308	6.06%
Lead Out Train Pty Ltd & related entities (Mr Michael Harrison, Mr Robert Jones)	19,963,610	5.88%
IFM Pty Limited <IFM Super Fund A/C>	19,907,597	5.87%

### Holders with greater than 20%

Holder name	No. held	%
J P Morgan Nominees Australia Pty Limited (UIL Limited)	69,673,328	20.54%

### Escrowed shares

Holder name and number of escrowed shares	Escrowed until	
	16 Mar 2024	26 May 2024
Robyn Annette Prossor	4,579,295	3,905,796
Llenpart Insurance and Investment Services Pty Ltd	4,579,295	3,905,796
Alfred Financial Pty Ltd <CTR HGHLDS FIN&INS SVC SF AC>	712,334	607,568
Lifestyle Financial Group Pty Ltd	305,286	260,386
<b>Total</b>	<b>10,176,210</b>	<b>8,679,546</b>

### Unquoted equity securities

There are 1,500,000 options to acquire ordinary shares on issue at an exercise price of \$0.14 per share. There are no other unquoted securities on issue.

### Holders with greater than 20% of issued options

Holder name	No. held	%
Altor Capital Management Pty Ltd <Altor ALTFI Income Fund A/C>	1,500,000	100.00%

### 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.

### On-market buy back

There is no on-market buy-back.

### Corporate governance statement

The Company's 2023 Corporate Governance Statement is available for members to download and access from <https://www.wtfglimited.com/investors/corporate-governance/>

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