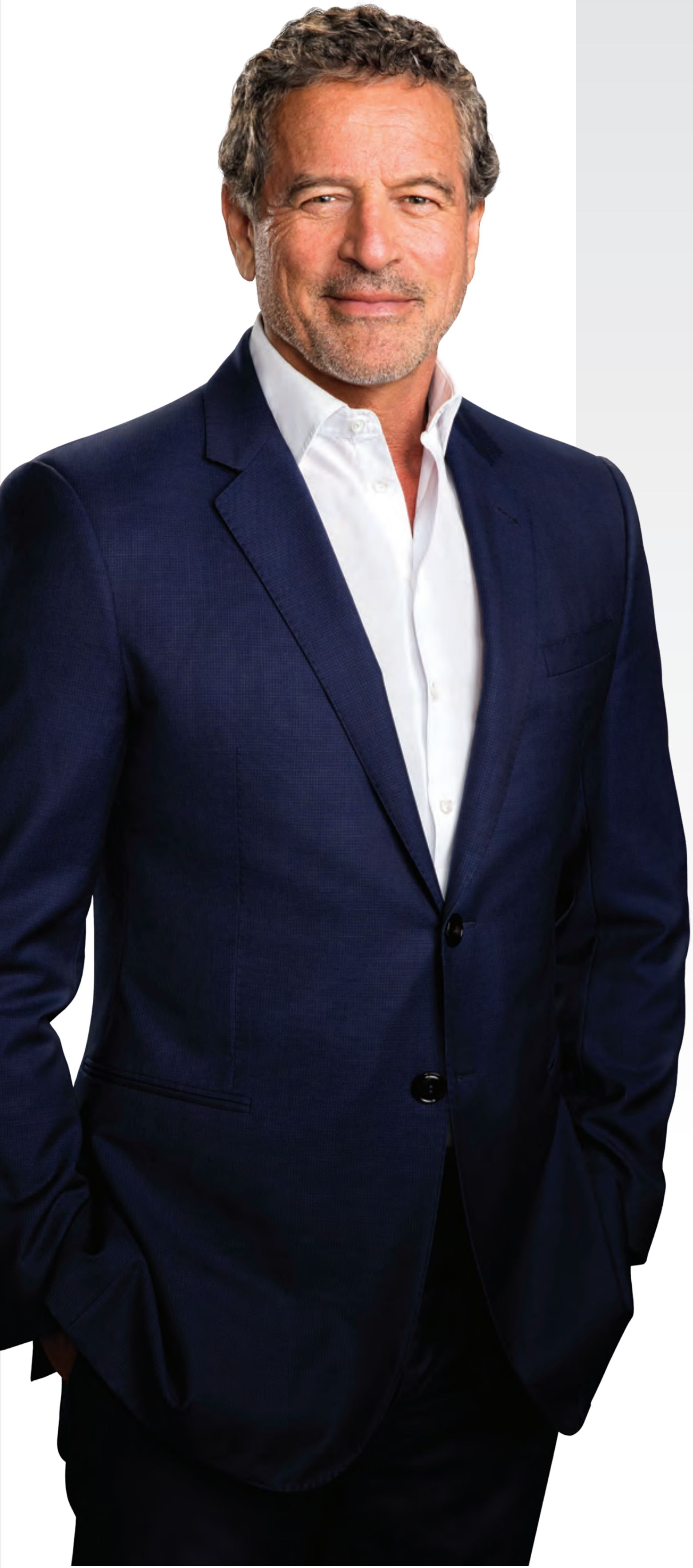
ANNUAL REPORT
2020

YellowBrickRoad
Wealth Management



Executive Chairman's Report

Dear Shareholders,

The past 12 months have undoubtedly been the toughest for the community in our lifetimes. Our thoughts go to all those affected by the COVID-19 virus.

The economic impact has been sharp and impacted all businesses. However, I am pleased to say that due to strong expense control, the sale of Yellow Brick Road's Smarter Money Investments and a clear focus on our strategy to simplify the business, we have been able to withstand the pandemic, and significantly improve the company's financial position.

FY2020

By the time the coronavirus pandemic hit the economy, we had already reduced our cost base substantially, putting Yellow Brick Road in a strong position going into the economic slowdown. We maintained our focus on simplifying the business. It was part of a longer-term strategy begun in 2019 which has held us in good stead. It meant that COVID-19 did not have a material impact on the business during the year.

As part of that strategy we sold our 50 per cent equity interest in Smarter Money Investments Pty Ltd and completed the sale of our wealth business.

In partnership with the Magnetar Group, we entered into a 50 per cent shareholding in Resi Wholesale Funding Pty Ltd which manufactures its own self-funded, very competitive mortgage products. We have rolled these products out through the YBR owned distribution networks, under the brand name The Resi Essentials Home Loan.

The joint venture entity has its own working capital. It is early days, but we have received positive feedback from brokers. Our approval turn-around times are quick, and we are confident we will attract the right mix of loans onto our book.

In short, we are doing what we are best at - focusing on providing home loans to customers.

We continued to support our broker network and undertook stringent compliance programs which were well regarded by our lender partners and set us up well for the introduction of Best Interest Duty from January 1, 2021. Supporting our brokers is critical to our success, and we have done that throughout the COVD-19 pandemic, particularly for brokers in Melbourne.

Our enhanced digital marketing capabilities delivered higher quality customer enquiries throughout the YBR network, through significant digital transformation systems. The programs have increased customer awareness at both a national level and a branch level.

We have invested materially into digital marketing strategies since June 2019 and throughout the year, which has delivered significant quality digital lead systems at a very efficient cost per lead for our YBR Franchised network. We have for the last 18 months engaged a digital scientist to build and manage very sophisticated digital penetration which is technology-based, to drive brand and leads. We continue to refine and drive that strategy. In relation to many parts of our operations, we have built significant digital and technology capabilities.

Throughout the year, we reaped the benefits of investment in education, training and systems, as well as compliance. This has the dual effect of improving the skills of our brokers, and also making YBR and Vow more attractive to potential recruits.

As a result of these initiatives, we recorded a strong turn around in our financial performance. We reduced our debt and increased cash holdings. Our focus on streamlining YBR's structure, systems and processes resulted in a reduction of overheads by 28 per cent. Our post-tax profit was $5.96 million, and underlying earnings before income tax, depreciation and amortisation was a solid $1.45 million. Both compared to losses last year. We achieved the result without any government support, as YBR was not eligible for JobKeeper payments.

Outlook

The trajectory of the economy is still uncertain, and we will continue to monitor it. Undoubtedly the Federal government stimulus packages have supported the economy and the Reserve Bank's lowering of interest rates has helped home owners. That support needs to be ongoing to help all Australians.

Our business is in good shape, we have strong systems and processes in place, and we are on track to achieve our targets. Yellow Brick Road has a strong management team, and the capacity to handle higher volumes of business.

We have successfully simplified the business and taken costs out and will concentrate on our lending business, including the mortgage-backed securitisation business. We know consumers will continue to seek out the services of mortgage brokers. While the market share of broker introduced loans is currently around 57 per cent, we expect this to rise in the coming years.

It is a very exciting time to be part of the Yellow Brick Road family, whether you are a shareholder, employee, franchisee, broker or customer. The COVID-19 pandemic demonstrated that our strategy to simplify the business was the right one, and as the economy emerges from recession, we are in a position to use our skills and capabilities in the mortgage market to grow the profitability of Yellow Brick Road.

Regards,

Mark Bouris

Mark Bouris

Executive Chairman

Yellow Brick Road Holdings Limited

ABN 44 119 436 083

Annual Report - 30 June 2020

Yellow Brick Road Holdings Limited
Contents
30 June 2020

General information

The financial statements cover Yellow Brick Road Holdings Limited as a consolidated entity consisting of Yellow Brick Road Holdings Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Yellow Brick Road Holdings Limited's functional and presentation currency.

Yellow Brick Road Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 11
1 Chifley Square
Sydney NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2020. The directors have the power to amend and reissue the financial statements.

Yellow Brick Road Holdings Limited
Corporate directory
30 June 2020

Directors	Mark Bouris (Chairman) Adrian Bouris John George
Company secretary	Sean Preece
Registered office	Level 11 1 Chifley Square Sydney NSW 2000 Head office telephone: 02 8226 8200
Share register	Computershare Investor Services Pty Limited Level 11 172 St George Terrace Perth WA 6000 Shareholders Enquiries: 1300 787 272
Auditor	Grant Thornton Audit Pty Ltd Level 17 383 Kent Street Sydney NSW 2000
Solicitors	Landerer & Company Level 31 133 Castlereagh Street Sydney NSW 2000
Bankers	Commonwealth Bank of Australia Tower 1, 201 Sussex Street Sydney NSW 2000 Australia and New Zealand Banking Group Limited 833 Collins Street Docklands VIC 3008
Stock exchange listing	Yellow Brick Road Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: YBR)
Website	www.ybr.com.au
Corporate Governance Statement	The directors and management are committed to conducting the business of Yellow Brick Road Holdings Limited in an ethical manner and in accordance with the highest standards of corporate governance. Yellow Brick Road Holdings Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The consolidated entity's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G will be released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement will be found on the company's website at https://www.ybr.com.au/investor-centre/corporate-governance-1

Yellow Brick Road Holdings Limited
Directors' report
30 June 2020

The directors present their report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Yellow Brick Road Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

Directors
The following persons were directors of Yellow Brick Road Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mark Bouris - Chairman
Adrian Bouris
John George

Principal activities
During the financial year, the principal continuing activities of the consolidated entity consisted of mortgage broking, aggregation and management services.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
The profit for the consolidated entity after providing for income tax amounted to $5,957,000 (30 June 2019: loss of $37,394,000).

The previous year's loss included impairment of non-financial assets of $33,947,000.

The financial year 2020 ('FY20') result was underpinned by 3 significant factors being, the simplification of the business with a focus primarily on mortgages; restructuring of the cost base to better reflect the business's strategic direction and a focus on the Vow and YBR distribution networks including recruitment, education and compliance. In addition, a significant milestone occurred in the financial year with the establishment of the 50/50 Resi Wholesale Funding joint venture with Magnetar Capital and the commencement of its mortgage securitisation programme.

During the financial year, the consolidated entity sold its 50% equity interest in Smarter Money Investment Pty Ltd ('SMI') for a consideration of $7,500,000, which resulted in a net gain on disposal of $6,952,000 recorded in profit or loss. In addition, the consolidated entity sold its wealth business for $1,906,000, which resulted in a net gain on disposal of $225,000 recorded in profit or loss.

Earnings before interest expense, tax, depreciation and amortisation ('EBITDA') after excluding net gain on disposal of investments, gain/(loss) on revaluation of underlying loan book, impairment of non-financial assets and the loss after income tax expense from discontinued operations for the consolidated entity ('Underlying EBITDA from continuing operations') was a profit of $1,450,000 (2019: loss of $4,611,000). This is calculated as follows:

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Profit/(loss) after income tax	5,957	(37,394)
Add: Depreciation and amortisation*	225	1,662
Add: Interest expense**	314	540
Add: Income tax expense/(benefit)	2,842	(5,174)
EBITDA	9,338	(40,366)
Less: (Gain)/loss on disposal of investments in joint venture	(6,952)	-
Less: (Gain)/loss on disposal of wealth business	(225)	-
Less: (Gain)/loss on revaluation of underlying loan book	(2,282)	507
Add: Impairment of non-financial assets	-	28,858
Add: Loss after income tax expense from discontinued operations	1,021	6,390
Add: Litigation settlement	550	-
Underlying EBITDA from continuing operations	1,450	(4,611)

* Excludes depreciation on right-of-use assets
** Excludes discount unwind on trail commission payments and interest on right-of -use assets

Key features of the Underlying EBITDA result were:

- Statutory revenue from continuing operations decreased by 13.2% to $159,593,000 (2019: $183,846,000)
- Cashflow receipts from customers (inclusive of GST) increased by 0.9% to $192,428,000 (2019: $190,729,000)
- Expenses, excluding franchisee, advisor and broker commissions, decreased by 28.3% to $22,975,000 (2019: $32,051,000)
- Net cashflow from operating activities increased by $3,803,000 to $3,708,000 (2019: $(95,000))
- Underlying loan book size increased by 1.7% to $50,247 million (2019: $49,416 million)
- Net present value of loan book decreased by 0.5% to $44.64 million (2019: $44.87 million)
- Net present value of loan book per ordinary share is 13.8 cents (2019: 15.8 cents)

The Coronavirus (COVID-19) pandemic has not had a material impact on the consolidated entity's results. However, refer to 'Matters subsequent to the end of the financial year' for further commentary on the pandemic.

Significant changes in the state of affairs
On 12 July 2019, the company sold its 50% equity interest in Smarter Money Investments Pty Ltd ('SMI') for the total sale consideration of $7,500,000. The investments were sold to one of the shareholders in Coolabah Capital Investments Pty Ltd (CCI), the owner of the other 50% equity interest in SMI with an effective date of 1 July 2019.

On 27 December 2019, the consolidated entity entered into a sale agreement to sell its wealth business to Sequoia Financial Group Limited. The transaction was completed by 30 April 2020 with a final purchase price of $1,906,000.

On 27 February 2020, the consolidated entity entered into a 50% joint venture in Resi Wholesale Funding Pty Limited with Magnetar Capital to conduct a mortgage-backed business under the Resi and YBR Home Loan brands.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a significant impact for the consolidated entity up to 30 June 2020, it is not practicable to estimate the impact, after the reporting date. The consolidated entity has not received the Federal Government's Job Keeper incentive, though has benefitted from the deferral of tax related payments which have been included in creditors at 30 June 2020. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. The potential impacts of COVID-19 will continue to be closely monitored; especially for any downturn in the Australian residential property market and reduction in loan settlements. This potential is heightened if the level 4 restrictions currently in Melbourne are extended or implemented in other parts of Australia. To mitigate the impact of COVID-19, the major suppliers have allowed borrower's loan repayments to be deferred. The company continues to receive and pay Trail commission on deferred loans.

The consolidated entity has implemented a range of measures, particularly expense containment, to deal with COVID-19. Other measures include work from home availability for 100% of corporate staff from mid-March 2020, restrictions on the number of staff allowed in company offices based on social distancing, additional cleaning of offices, availability of hand sanitisers and other cleaning facilities and reimbursement of seasonal flu vaccines made available to all staff.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of operations will be detailed in the Annual Report to be released in October 2020.

Environmental regulation
The consolidated entity has complied with all regulations applicable to the financial services sector industry. It is not required to report under any specific environmental legislation.

Information on directors

Name:	Mark Bouris
Title:	Executive Chairman
Qualifications:	BCom (UNSW), MCom (UNSW), HonDBus (UNSW), Hon DLitt (UWS), FCA
Experience and expertise:	Mark Bouris is the Executive Chairman of Yellow Brick Road and has extensive experience in the finance and property sectors. Mark is a board member of the Sydney Roosters. He is an Adjunct Professor at the UNSW Australia Business School and he sits on boards for the UNSW Business Advisory Council.
Other current directorships:	None
Former directorships (last 3 years):	Non-Executive Director of TZ Limited (ASX: TZL)
Special responsibilities:	YBR appointed director of Resi Wholesale Funding Pty Limited.
Interests in shares:	54,028,182 ordinary shares
Interests in options:	None
Interests in rights:	None
Contractual rights to shares:	None

Name:	Adrian Bouris
Title:	Non-Executive Director
Qualifications:	BCom (UNSW), LLB (UNSW)
Experience and expertise:	Adrian Bouris is a Non-Executive Director of Yellow Brick Road and has extensive experience in investment banking and corporate and commercial law. He is currently a Principal and Managing Director of BBB Capital Pty Ltd, a boutique corporate advisory and investment company. Prior to founding BBB Capital Pty Ltd, Adrian was Managing Director of the Australian Investment Banking Division of ING Bank N.V. and was previously Director of SG Hambros Australia. He is also Director of The Surf Travel Company Holdings Pty Limited and Non-Executive Director of Surfing Australia and Momentum Media/Sterling Publishing Group.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee and the Investment Committee. YBR appointed director of Resi Wholesale Funding Pty Limited.
Interests in shares:	3,155,400 ordinary shares
Interests in options:	None
Interests in rights:	None
Contractual rights to shares:	None

Name:	John George
Title:	Non-Executive Director
Qualifications:	BCom (QUT), FCPA, FAIM, AICD, ACG(CS)
Experience and expertise:	John George is a Non-Executive Director of Yellow Brick Road and has extensive experience in accounting, corporate strategy, governance, capital raising and investor relations. He is currently Director of private consulting firms Standard Edge and SGD Partners and previously held senior roles at ASIC and KPMG. He was CEO of an international insurance recovery firm with offices in North America, New Zealand and Australia and a former Non-Executive Director of Shine Lawyers and Gladstone Airport Corporation Limited. John was the Deputy President of The Governance Institute (Qld) and is currently a member of Public Companies Discussion Group. He holds advisory board roles with EWM and other leading Family Offices in Australia.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Audit and Risk Committee
Interests in shares:	240,000 ordinary shares
Interests in options:	None
Interests in rights:	None
Contractual rights to shares:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary
Sean Preece was appointed as the company secretary of the company with effect from 30 August 2019. He joined the consolidated entity in 2013. Sean commenced his career in the financial services industry at St. George Bank in 1993. Sean has worked with groups such as Challenger, IOOF and Ord Minnett and has extensive knowledge and expertise in both wealth and credit services.

The previous company secretary Richard Shaw resigned on 30 August 2019.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Mark Bouris*	10	11	-	-
Adrian Bouris	11	11	7	7
John George	10	11	6	7

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

* Mark Bouris is not a member of the Audit and Risk Committee.

Remuneration report (audited)
The remuneration report, which has been audited, outlines the director and other key management personnel ('KMP') arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to KMP

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The 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 KMP compensation; and
- transparency.

The company does not have a dedicated Nomination and Remuneration Committee ('NRC'). The task of ensuring that the level of KMP remuneration is sufficient and reasonable and that its relationship to performance is clear is dealt with by the full Board. The performance of the consolidated entity depends on the quality of its KMP. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

This is achieved through adopting a remuneration structure that:
- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth; and
- provides a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of executive and non-executive directors' remuneration is separate.

Non-executive directors' remuneration
Non-executive directors' fees and payments are reviewed periodically. The Board relies on advice from independent remuneration consultants, from time to time, to ensure non-executive directors' fees and payments are appropriate and in line with the market. Non-executive directors do not receive share options or other incentives.

ASX listing rules requires that the aggregate non-executive directors' remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 25 November 2014, where the shareholders approved an aggregate remuneration of $300,000.

Executive remuneration
The executive chairman's fees are determined independently to the fees of non-executive directors and are based on comparative roles in the external market. The executive chairman is not present at any discussions relating to determination of his own remuneration.

The consolidated entity aims to reward KMP with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The KMP remuneration and reward framework has four components:
- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

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

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed periodically, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remuneration.

KMPs can 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 consolidated entity.

Short-term incentives ('STI') are designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to KMP based on specific annual targets and key performance indicators ('KPI') being achieved.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is linked to their divisional performance and the performance of the consolidated entity, if relevant. Refer to section 'Details of remuneration' of the remuneration report for details.

Use of remuneration consultants
During the financial year ended 30 June 2020, the consolidated entity, the independent director/members of company and its Audit and Risk Committee ('the Independents') engaged the services of independent remuneration experts, Egan Associates Pty Limited, who concluded that the new consultancy deed with Golden Wealth Holdings Pty Ltd ('GWH'), a company controlled by Mark Bouris and the company, constitutes reasonable remuneration for the purposes of the related party transaction provisions in Chapter 2E of the Corporations Act. GWH agrees to provide the executive services of Mark Bouris as Executive Chairman and Managing Director of the company and procure an entity associated with Mark Bouris (The Mentor Platform Pty Ltd 'Mentor Platform') to provide the company with advertising on various social media platforms and podcasts which are owned and operated by Mentor Platform. The consultancy deed secures the executive services of Mark Bouris to help the company to enhance its lending products and services, its residential mortgage securitisation investment with Magnetar Capital, overseeing the recommendations and regulatory changes from the Banking Royal Commission and in more recent times the ongoing impact of the COVID-19 pandemic. Refer to the section 'service agreements' below for further information. Egan Associates Pty Ltd was paid $36,440 for these services.

An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from KMP. These protocols include requiring that the consultant not provide any information relating to the outcome of the engagement with the affected KMP. The independent directors are also required to make inquiries of the consultant's processes at the conclusion of the engagement to ensure that they are satisfied that any recommendations made have been free from undue influence. The independent directors are satisfied that these protocols were followed and as such, there was no undue influence.

Voting and comments made at the company's 2019 Annual General Meeting ('AGM')
At the 2019 AGM, 62.96% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019.

As more than 25% of the votes were cast against, this constituted the second strike for the purposes of the Act. The votes against included one shareholder who controls 60,926,965 shares which, if excluded, would have resulted in only 5.75% being against.

As more than 25% of votes were cast against the adoption of June 2019 remuneration report, a conditional resolution to Spill the Board was required ('Spill Resolution'). However, the Spill Resolution was voted in the AGM and was not carried as 62.72% of the votes were cast against the Spill Resolution.

Details of remuneration

Amounts of remuneration
Details of the remuneration of KMP of the consolidated entity are set out in this section.

The KMP of the consolidated entity consisted of the following directors of Yellow Brick Road Holdings Limited:
- Mark Bouris - Executive Chairman
- Adrian Bouris - Non-Executive Director
- John George - Non-Executive Director

And the following persons:
- Stephen McKenzie - KMP with effect from 1 July 2019 and Chief Financial Officer - with effect from 6 July 2020
- Clive Kirkpatrick - General Manager - Lending (resigned on 17 March 2020)
- Sean Preece - Chief Risk Officer for the full year, Company Secretary from 30 August 2019 and Chief Customer Officer from 26 March 2020
- Richard Shaw - Former Chief Financial Officer and Company Secretary ended employment with the company on 30 August 2019. His responsibilities as KMP ended on 30 June 2019.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2020	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled shares $	Equity-settled rights $	Total $
Non-Executive Directors:								
Adrian Bouris	75,000	-	-	-	-	-	-	75,000
John George	75,000	-	-	-	-	-	-	75,000
Executive Directors:								
Mark Bouris (Chairman)	1,125,000	-	-	-	-	-	11,667	1,136,667
Other KMP:								
Stephen McKenzie*	255,833	-	13,984	24,304	469	-	-	294,590
Clive Kirkpatrick**	238,461	-	-	20,315	-	-	-	258,776
Sean Preece	334,450	18,265	(500)	25,000	15,006	-	-	392,221
	2,103,744	18,265	13,484	69,619	15,475	-	11,667	2,232,254

* Includes remuneration for the full year
** Includes remuneration from beginning of the year till resignation date.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2019	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled shares $	Equity-settled rights $	Total $
Non-Executive Directors:								
Adrian Bouris	75,000	-	-	-	-	-	-	75,000
John George	75,000	-	-	-	-	-	-	75,000
Owen Williams*	57,078	-	-	5,422	-	-	-	62,500
Executive Directors:								
Mark Bouris (Chairman)	1,125,000	-	-	-	-	-	85,625	1,210,625
Other KMP:								
Frank Ganis**	266,282	-	1,999	25,297	767	-	-	294,345
Richard Shaw	300,000	-	1,212	25,000	12,351	-	-	338,563
Clive Kirkpatrick	300,000	-	18,400	28,500	1,029	-	-	347,929
Sean Preece***	290,000	-	(2,040)	27,550	10,242	-	-	325,752
Adam Youkhana*	134,897	-	-	9,946	-	-	-	144,843
Glenn Gibson*	103,728	-	-	9,500	-	-	-	113,228
	2,726,985	-	19,571	131,215	24,389	-	85,625	2,987,785

* Includes remuneration from beginning of the year to the resignation dates being 30 April 2019 for Owen Williams; 14 December 2018 for Adam Youkhana and 29 October 2018 for Glenn Gibson.
** Includes remuneration from his appointment date as CEO (appointed 25 October 2018, resigned 16 May 2019).
*** Became a KMP at start of the year.

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2020	2019	2020	2019	2020	2019
Non-Executive Directors:						
Adrian Bouris	100%	100%	-	-	-	-
John George	100%	100%	-	-	-	-
Owen Williams	-	100%	-	-	-	-
Executive Directors:						
Mark Bouris	99%	93%	-	-	1%	7%
Other KMP:						
Stephen McKenzie	100%	-	-	-	-	-
Clive Kirkpatrick	100%	100%	-	-	-	-
Sean Preece	95%	100%	5%	-	-	-
Frank Ganis	-	100%	-	-	-	-
Richard Shaw	-	100%	-	-	-	-
Adam Youkhana	-	100%	-	-	-	-
Glenn Gibson	-	100%	-	-	-	-

Service agreements
KMP have no entitlement to termination payments in the event of removal for misconduct.

Non-executive directors do not execute service agreements on appointment to the Board.

The Executive Chairman, Mark Bouris, is engaged under a consultancy agreement between the company and Golden Wealth Holdings Pty Limited ('GWH'), a company controlled by Mark Bouris. The consultancy agreement was entered on 20 December 2019 for at least two years. Until the new agreement was signed, it was agreed that GWH would continue to provide the services of Mark Bouris on the terms as set out in the previous agreement dated 29 August 2014.

Under the new agreement a maximum fee of $1,125,000 per annum is payable, subject to an annual clawback of up to $225,000 in the event of annual targets set by the company's board of directors not being met. The annual targets are focused on the business results of the consolidated entity, including the effectiveness of and value obtained in promoting the consolidated entity and the business from the social media platforms which are owned by The Mentor Platform Pty Limited and controlled by Mark Bouris. For the financial year ended 30 June 2020, the consolidated entity surpassed targets and social media outcomes at both a national and local branch level, significantly improving the quality and unit cost per customer lead respectively. During the financial year ended 30 June 2020, a total consulting fee of $1,125,000 has been charged by GWH.

Share-based compensation

Issue of shares
There were no shares issued to directors and other KMP as part of compensation during the year ended 30 June 2020.

Performance rights
On 29 August 2014, GWH (controlled by Mark Bouris) was granted 10,000,000 performance rights over ordinary shares of the company in four equal tranches of 2,500,000 each as part of his remuneration. The vesting conditions attached to these performance rights is to get the full stock price only if the future stock allocation exceeds the share target prices which varies by tranches. The performance rights do not vest unless the share price target for vesting is achieved.

The total fair value of the performance rights granted was $1,475,000. The amount expensed during the year ended 30 June 2020 is $11,667 (2019: $85,625). Performance rights granted carry no dividend or voting rights.

The details of such grant of performance rights are as follows:

Grant date	Vesting date	Expiry date	Share price target for vesting	Fair value per option at grant date
29 August 2014	29 August 2018*	29 August 2019	$1.45	$0.150
29 August 2014	29 August 2019*	29 August 2019	$1.74	$0.140

* These performance rights did not vest and have lapsed.

Options
There were no options over ordinary shares granted to, or vested in, directors and other KMP as part of compensation during the year ended 30 June 2020.

Additional information
The earnings of the consolidated entity for the five years to 30 June 2020 are summarised below:

	2020 $'000	2019 $'000	2018 $'000	2017 $'000	2016 $'000
Sales revenue	184,462	211,696	227,365	218,787	217,965
Profit/(loss) after income tax	5,957	(37,394)	(658)	1,035	(9,528)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2020	2019	2018	2017	2016
Share price at financial year end ($)	0.07	0.07	0.09	0.12	0.18
Basic earnings per share (cents per share)	1.91	(13.20)	(0.23)	0.37	(3.42)
Diluted earnings per share (cents per share)	1.91	(13.18)	(0.23)	0.37	(3.42)
Net tangible assets per share (cents per share)	13.43	12.33	13.36	13.72	12.88

Additional disclosures relating to KMP

Shareholding
The number of shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mark Bouris	54,028,182	-	-	-	54,028,182
Adrian Bouris	3,155,400	-	-	-	3,155,400
John George	240,000	-	-	-	240,000
Sean Preece	52,356	-	-	-	52,356
	57,475,938	-	-	-	57,475,938

Performance rights holding
The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Mark Bouris*	2,500,000	-	-	(2,500,000)	-
	2,500,000	-	-	(2,500,000)	-

* Performance rights were issued to GWH.

Other transactions with KMP and their related parties
On 29 August 2014 the consolidated entity issued GWH, a company controlled by Mark Bouris, 6,000,000 shares and 10,000,000 performance rights, at a fair value of $4,200,000 and $1,475,000 respectively as consideration of certain lock-in/lock-out and long term incentive arrangements with GWH and Mark Bouris. The fair value of the performance rights was recognised as an expense over five years. The amount expensed for the financial year 30 June 2020 amounted to $11,667 (2019: $85,625). As at 30 June 2020, 10,000,000 performance rights have lapsed, with no benefit to GWH. Refer to note 39 - 'Share-based payments' of the financial statements for further details.

This concludes the remuneration report, which has been audited.

Performance rights
Performance rights over unissued ordinary shares of Yellow Brick Road Holdings Limited issued at the date of this report are as follows:

Grant date	Expiry date	Number of performance rights
29 July 2015 * **	30 November 2019	92,307
29 July 2015 *	27 September 2020	168,268
29 July 2015 *	31 October 2020	144,230
29 July 2015 *	7 February 2021	38,461
29 July 2015 *	30 November 2022	92,307
		535,573

* Performance rights granted to the former Resi Branch owners. Refer to note 39 'Share-based payments' of the financial statements for further details.
** 92,307 shares against the performance rights were due during the year ended 30 June 2020 but will be issued subsequent to the end of the financial year.

No person entitled to exercise the performance rights had or has any right by virtue of the performance rights to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of performance rights
There were no ordinary shares of the company issued on the exercise of performance rights during the year ended 30 June 2020 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

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

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.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 30 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 30 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of Grant Thornton Audit Pty Ltd
There are no officers of the company who are former partners of Grant Thornton Audit Pty Ltd.

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

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 immediately follows this report.

Auditor
Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors

Mark Bouris
Executive Chairman

25 August 2020
Sydney

Grant Thornton

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Auditor's Independence Declaration

To the Directors of Yellow Brick Road Holdings Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Yellow Brick Road Holdings Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Madeleine Mattera

Madeleine Mattera
Partner – Audit & Assurance

Sydney, 25 August 2020

Yellow Brick Road Holdings Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated 2020 $'000	2019 $'000
Revenue from contracts with customers from continuing operations	4	159,593	183,846
Share of profits/(losses) of joint ventures accounted for using the equity method	36	(283)	3,770
Other income		147	6
Interest income		44	45
Gain/(loss) on revaluation of underlying loan book		2,282	(507)
Discount unwind on trail commission	3	19,139	17,077
Total revenue and other gains		180,922	204,237
Expenses			
Commissions and consultancy expenses		(139,941)	(167,026)
Employee benefits expense		(10,152)	(14,309)
Depreciation and amortisation expense	5	(1,153)	(1,662)
Impairment of receivables	9	(335)	(113)
Occupancy expenses		(577)	(1,661)
Other expenses		(8,912)	(12,024)
Finance costs	5	(17,209)	(14,762)
Total expenses		(178,279)	(211,557)
Operating profit/(loss) from continuing operations		2,643	(7,320)
Impairment of non-financial assets	5	-	(28,858)
Net gain on disposal of investment in joint ventures	12	6,952	-
Net gain on disposal of wealth business		225	-
Profit/(loss) before income tax benefit/(expense) from continuing operations		9,820	(36,178)
Income tax benefit/(expense)	6	(2,842)	5,174
Profit/(loss) after income tax benefit/(expense) from continuing operations		6,978	(31,004)
Loss after income tax expense from discontinued operations	7	(1,021)	(6,390)
Profit/(loss) after income tax benefit/(expense) for the year attributable to the owners of Yellow Brick Road Holdings Limited		5,957	(37,394)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Changes in the fair value of equity investments through other comprehensive income		-	(19)
Other comprehensive income for the year, net of tax		-	(19)
Total comprehensive income for the year attributable to the owners of Yellow Brick Road Holdings Limited		5,957	(37,413)
Total comprehensive income for the year is attributable to:			
Continuing operations		6,978	(31,023)
Discontinued operations		(1,021)	(6,390)
		5,957	(37,413)

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

Yellow Brick Road Holdings Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated 2020 $'000	2019 $'000
		Cents	**Cents**
Earnings per share for profit/(loss) from continuing operations attributable to the owners of Yellow Brick Road Holdings Limited			
Basic earnings per share	38	2.24	(10.95)
Diluted earnings per share	38	2.24	(10.92)
Earnings per share for loss from discontinued operations attributable to the owners of Yellow Brick Road Holdings Limited			
Basic earnings per share	38	(0.33)	(2.26)
Diluted earnings per share	38	(0.33)	(2.25)
Earnings per share for profit/(loss) attributable to the owners of Yellow Brick Road Holdings Limited			
Basic earnings per share	38	1.91	(13.20)
Diluted earnings per share	38	1.91	(13.18)

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

Yellow Brick Road Holdings Limited
Statement of financial position
As at 30 June 2020

	Note	Consolidated 2020 $'000	2019 $'000
Assets			
Current assets			
Cash and cash equivalents	8	11,327	4,057
Trade and other receivables	9	19,311	14,959
Contract assets - trail commissions	10	70,154	67,641
Deposits		473	471
Other assets	11	961	1,272
		102,226	88,400
Non-current assets classified as held for sale	12	-	1,024
Assets of disposal groups classified as held for sale	13	128	7,308
Total current assets		102,354	96,732
Non-current assets			
Contract assets - trail commissions	10	302,214	291,595
Investments accounted for using the equity method	14	425	-
Investments at fair value through profit or loss		-	50
Right-of-use assets	15	872	-
Plant and equipment	16	127	14
Intangibles	17	418	618
Deferred tax	6	-	2,469
Other assets	11	1,245	1,245
Total non-current assets		305,301	295,991
Total assets		407,655	392,723
Liabilities			
Current liabilities			
Trade and other payables	18	82,235	78,798
Contract liabilities	19	1,281	896
Borrowings	20	1,900	1,425
Lease liabilities	21	1,221	-
Provisions	22	1,767	2,855
		88,404	83,974
Liabilities directly associated with assets classified as held for sale	23	282	6,399
Total current liabilities		88,686	90,373
Non-current liabilities			
Trade and other payables	18	270,851	260,500
Borrowings	20	3,300	5,775
Lease liabilities	21	89	-
Deferred tax	6	329	-
Provisions	22	424	433
Total non-current liabilities		274,993	266,708
Total liabilities		363,679	357,081
Net assets		43,976	35,642

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

Yellow Brick Road Holdings Limited
Statement of financial position
As at 30 June 2020

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Equity			
Issued capital	24	112,457	110,109
Reserves	25	2,206	2,177
Accumulated losses		(70,687)	(76,644)
Total equity		43,976	35,642

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

Yellow Brick Road Holdings Limited
Statement of changes in equity
For the year ended 30 June 2020

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2018	109,963	2,422	(39,573)	72,812
Loss after income tax benefit for the year	-	-	(37,394)	(37,394)
Other comprehensive income for the year, net of tax	-	(19)	-	(19)
Total comprehensive income for the year	-	(19)	(37,394)	(37,413)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 24)	146	-	-	146
Share-based payments (note 25)	-	97	-	97
Transfer to accumulated losses on disposal of the equity investments	-	(323)	323	-
Balance at 30 June 2019	110,109	2,177	(76,644)	35,642

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2019	110,109	2,177	(76,644)	35,642
Profit after income tax expense for the year	-	-	5,957	5,957
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	5,957	5,957
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 24)	2,348	-	-	2,348
Share-based payments (note 25)	-	29	-	29
Balance at 30 June 2020	112,457	2,206	(70,687)	43,976

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

Yellow Brick Road Holdings Limited
Statement of cash flows
For the year ended 30 June 2020

	Note	Consolidated 2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		192,428	190,729
Payments to suppliers and employees (inclusive of GST)		(188,366)	(190,350)
Interest received		42	45
Interest and other finance costs paid		(396)	(519)
Net cash (used in)/from operating activities	37	3,708	(95)
Cash flows from investing activities			
Payments for investment in joint venture		(720)	-
Payments for plant and equipment	16	(138)	(42)
Payments for intangibles	17	-	(324)
Proceeds from disposal of investments		4,586	353
Proceeds from disposal of business		468	200
Net cash from investing activities		4,196	187
Cash flows from financing activities			
Proceeds from issue of shares	24	2,400	-
Share issue transaction costs		(144)	-
Repayment of borrowings	37	(2,000)	(1,450)
Repayment of lease liabilities	37	(890)	-
Net cash used in financing activities		(634)	(1,450)
Net increase/(decrease) in cash and cash equivalents		7,270	(1,358)
Cash and cash equivalents at the beginning of the financial year		4,057	5,415
Cash and cash equivalents at the end of the financial year	8	11,327	4,057

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations adopted during the year are most relevant to the consolidated entity:

Interpretation 23 Uncertainty over Income Tax Treatments
The consolidated entity has adopted Interpretation 23 from 1 July 2019. The interpretation clarifies how to apply the recognition and measurement requirements of AASB 112 'Income Taxes' in circumstances where uncertain tax treatments exists. The interpretation requires: the consolidated entity to determine whether each uncertain tax treatment should be treated separately or together, based on which approach better predicts the resolution of the uncertainty; the consolidated entity to consider whether it is probable that a taxation authority will accept an uncertain tax treatment; and if the consolidated entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, measuring the tax uncertainty based on either the most likely amount or the expected value. In making the assessment it is assumed that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. Interpretation 23 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on the opening accumulated losses as at 1 July 2019. Based on management's assessment, there are no uncertain tax positions open as at 30 June 2020.

AASB 16 Leases
The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption
AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening accumulated losses as at 1 July 2019 was as follows:

Note 1. Significant accounting policies (continued)

	1 July 2019 $'000
Operating lease commitments as at 1 July 2019 (AASB 117)	2,293
Operating lease commitments discount based on the weighted average incremental borrowing rate of 5.25% (AASB 16)	(107)
Derecognition of deferred rent benefit previously recognised under AASB 117	(400)
Right-of-use assets (AASB 16)	1,786
Lease liabilities - current (AASB 16)	(1,057)
Lease liabilities - non-current (AASB 16)	(1,129)
Derecognition of deferred rent benefit previously recognised	400
Impact on opening accumulated losses as at 1 July 2019	-

When adopting AASB 16 from 1 July 2019, the consolidated entity has applied the following practical expedients:
- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- excluded initial direct costs for the measurement of the right-of-use asset;
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 34.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Yellow Brick Road Holdings Limited ('company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Yellow Brick Road Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Note 1. Significant accounting policies (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

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

Revenue recognition
The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. The consolidated entity has estimated the cost of servicing the loan books which is detailed in note 2 'Critical accounting judgements, estimates and assumptions'.

Revenue is recognised either at a point in time or over the time, when (or as) the consolidated entity satisfies performance obligations by transferring the promised services to its customers.

Lending revenue includes the rendering of mortgage broking services and aggregation and management services. Wealth management revenue includes the rendering of investment and wealth management services and general insurance services.

Rendering of services – Investment and wealth management services
Revenue from the provision of investment and wealth management services is recognised at a point in time in the period in which the financial service or advice is given.

Mortgage broking services - Origination commissions
Revenue in the form of a commission generated on origination of mortgages is recognised at a point in time on settlement of the loan net of expected clawbacks using the expected value method. Costs to introduce the loans are also recognised at inception of the loan.

Note 1. Significant accounting policies (continued)

Mortgage broking services - Trailing commissions
At the time of loan settlement, trailing commission revenue and the related contract assets are recognised at the estimated 'expected value' of the variable consideration being the present value of the expected future trailing commissions to be received from the lending institution.

The expected value of variable consideration includes amounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when any uncertainties associated with the variable consideration are subsequently resolved. The consolidated entity has regard to constraining factors such as market volatility and possible change in run-off rates, absence of experience with certain customer or contract types, and likelihood of unfavourable changes to commission arrangements when determining variable consideration. Refer to note 2 - Estimation of Mortgage trail commissions for further details.

An associated expense and payable to the franchisees and licensees is also recognised and measured at fair value being the present value of the expected future trailing commission payable to licensees.

The contract assets and liabilities are calculated having regard also to a 'run-off' of clients that discharge or pay-down their loans resulting in trail commission no longer being receivable or payable. The asset is tested for impairment annually and is adjusted for any difference in the expected trail run off and the actual run off experienced.

Subsequent to initial recognition, the carrying amount of the contract asset and trail commission payable are adjusted to reflect actual and revised estimated cash flows by recalculating the net present value of estimated future cash flows at the original effective interest rate. This results in a significant financing component recognised in profit or loss.

Mortgage management fees
Ongoing mortgage management fees from servicing the loan book portfolio are recognised as services are provided over the course of the loan. The fee represents a separate service obligation that includes maintaining a dedicated post settlement customer service function.

Life insurance broking services - Upfront commissions (discontinued operations)
Revenue in the form of a commission generated on successful placement of an insurance application is recognised at a point in time on inception of the policy.

Life insurance broking services - Trailing commissions (discontinued operations)
At the time of policy inception, trailing commission revenue and the related contract asset are recognised at the estimated 'expected value' of the variable consideration being present value of the expected future trailing commissions to be received from the insurance companies. An associated expense and payable to the franchisees and licensees is also recognised at fair value being present value of the expected future trailing commission payable to franchisees.

Subsequent to initial recognition, the carrying amount of the contract assets and payable are adjusted to reflect actual and revised estimated cash flows by recalculating the net present value of estimated future cash flows at the original effective interest rate. Any resulting adjustments to the carrying value due to the significant financing component is recognised in profit or loss.

General insurance services (discontinued operations)
Commissions received from underwriters based on the value of insurance premiums written are recognised at a point in time as revenue when relevant insurance cover is established.

Professional and service fees
Professional and service fees represent branch and broker charges for services offered by the consolidated entity. These are recognised at a point of time.

Sponsorship revenue
Sponsorship revenue represents contributions from lenders for distinct services provided by the consolidated entity. The key services relate to compliance, training and education in the form of learning management systems, conferences and professional development workshops. This is recognised at a point in time when the service has been performed.

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

Note 1. Significant accounting policies (continued)

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

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are 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; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

Yellow Brick Road Holdings Limited (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'standalone taxpayer/separate taxpayer within a group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated.

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 controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

A deferred tax benefit relating to previously unrecorded tax losses has been recognised to the extent they are expected to be utilised against the deferred tax liability acquired.

Discontinued operations
A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and: represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Note 1. Significant accounting policies (continued)

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

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

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

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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 expected credit losses. Trade receivables are generally due for settlement within 30-90 days of recognition.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

Contract assets
Contract assets are recognised when the consolidated entity has transferred services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Contract assets relate to future trail commission receivables due from a combination of Australian banks, non-bank lenders and insurance companies. Any expected credit loss is not material as these organisations have reduced credit risk and consequently none has been recognised.

Non-current assets or disposal groups classified as held for sale
Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Note 1. Significant accounting policies (continued)

Joint ventures
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture are recognised in profit or loss and the share of the movements in equity are recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such on transition. Changes in fair value are recognised in other comprehensive income and are never recycled to profit or loss, even if the asset is sold or impaired.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or debt instruments at fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Leasehold improvements	4 years
Office equipment	4 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 1. Significant accounting policies (continued)

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Intangible assets
Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of four years.

Impairment of non-financial assets
Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit ('CGU') to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30-90 days of recognition.

Contract liabilities
Contract liabilities represent cash received where the services to customers have not yet been performed.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

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

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 1. Significant accounting policies (continued)

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

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries and other employee benefits expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
Employee benefits not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

Share-based payments
Equity-settled share-based compensation benefits are provided to employees and suppliers.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, they are treated as if they had vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award are treated as if they were a modification.

Note 1. Significant accounting policies (continued)

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Yellow Brick Road Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

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

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 1. Significant accounting policies (continued)

Comparatives
Certain comparatives in the statement of profit or loss and other comprehensive income, the statement of financial position and notes to the financial statements have been reclassified, where necessary, to be consistent with current year presentation.

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

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)
The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus ('COVID-19') pandemic
Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date. However, the ongoing COVID-19 pandemic may impact the estimation uncertainty due to the extent and duration of actions by governments, business and consumers to contain the spread of the virus.

Determination of variable consideration - cost of servicing loan book
For loans where there is a continuing obligation to provide a customer service, the consolidated entity estimates the cost of servicing the existing loan book customers over the estimated life of the loans. The present value for the cost of servicing the loan book is netted off against the trail income receivable. In calculating the estimate, the consolidated entity considers the costs incurred in managing the portfolio. The loan run off assumption is the same as used in the present value of trail income receivable.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Estimation of life insurance trail commissions
The consolidated entity recognises a contract asset and payable for life insurance trail commissions at the inception of the policy where there is no further contractual obligation to provide a service. The asset and liability are measured at the expected future cash flows to be received or paid over the life of the policy allowing for a 'run off' of clients that discontinue their policy resulting in trail commissions no longer being receivable or payable. This asset is tested for impairment annually. The asset and liability is adjusted for any difference in the expected trail run off and the actual run off experienced. Due to the limited history of run off experience, industry statistics have been used to determine the appropriate level of assumed run off and the resulting net present value of the life insurance trail commission balances receivable or payable. Key assumptions used up to the date of sale of the wealth business and the date of disposal of the wealth present value of life insurance trail commission include a discount rate of 12.0% per annum, premium growth rate 6.8% per annum and average remaining policy term of 20 years.

Estimation of mortgage trail commissions
The consolidated entity receives trailing commissions from lenders over the life of the loan based on the loan balance outstanding subject to the loan continuing to perform. The consolidated entity also makes trailing commission payments to franchisees and broker groups based on their loan book balance outstanding.

	30 June 2020	30 June 2019
Weighted average loan life	4.2 years	3.9 years
Discount rate per annum	between 5% and 12.5%	between 5% and 12.5%
Weighted percentage paid to franchisees	72%	69%

Estimation of mortgage management fees
Revenue for ongoing mortgage management fees of 2.9 basis points has been estimated on a cost plus methodology. The fee is deducted from the trail commission received over the course of the loan. This treatment applies to the Resi and Loan Avenue loan books.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the COVID-19 pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 9, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

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

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Lease make-good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Clawback provision
A clawback on the upfront commission received from funders is incurred when a loan is discharged within the first 2 years of a loan settling. The provision represents the net expected clawback payable on upfront commissions received by the consolidated entity from the funders. The key assumptions are the clawback % of between 25% - 100% on upfront commissions for loans originated, the clawback period of 0 to 24 months and the rate of discharge per 6 monthly tranches of 5% - 33% per annum.

Recognition of deferred tax assets
The net deferred tax asset requires the consideration of realisation of carried forward tax losses of the consolidated entity. The extent to which deferred tax assets can be recognised and set off against the deferred tax liability is based on an assessment of the probability of the consolidated entity's future taxable income against which the deferred tax assets can be utilised.

Note 3. Operating segments

Identification of reportable operating segments
The consolidated entity has identified that there were two operating segments during the previous period, but only the lending segment remained, as wealth management was classified as discontinued operations in May 2019. These segments are based on the internal reports that are reviewed and used by the executive management team and the Board (collectively referred to as the Chief Operating Decision Makers ('CODM')) in assessing business performance and in determining the allocation of resources.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the type or class of customer for the products or services;
- the distribution method; and
- any external regulatory requirements.

The CODM reviews various revenue and operating result metrics for each segment.

The information reported to the CODM is on at least a monthly basis.

Types of products and services
The principal products and services provided by the segments are:

Lending	includes the rendering of mortgage broking services and aggregation and management services.
Wealth management	includes the rendering of investment and wealth management services and general insurance services. Majority of the business in this segment was sold by the end of March 2020 and the remaining business in this segment was sold on 20 August 2020.

Revenue disclosed from 'other segments' relates to fees charged to branches and brokers.

Geographical information
All revenue was derived from customers in Australia and all non-current assets were held in Australia.

Note 3. Operating segments (continued)

Major customers
During the financial year ended 30 June 2020 the consolidated entity had four major customers that contributed $85,311,000 to the total consolidated entity's revenue: $27,932,000 (17.1%); $21,233,000 (13.0%); $20,610,000 (12.6%) and $15,536,000 (9.5%). (2019: Four major customers contributed $75,497,000: $20,993,000 (12.3%); $18,734,000 (11.0%); $17,971,000 (10.6%) and $17,799,000 (10.5%)) respectively of the total consolidated entity's revenue. Revenue from all these four major customers were part of the lending division.

Operating segment information

Consolidated - 2020	Continued operations Lending $'000	Discontinued operations Wealth management $'000	Other segments $'000	Total $'000
Revenue				
Sales to external customers from continuing operations	159,593	-	-	159,593
Sales to external customers from discontinued operations	-	5,686	-	5,686
Total sales revenue	159,593	5,686	-	165,279
Discount unwind on trail commission	19,139	-	-	19,139
Other revenue	-	-	44	44
Total revenue	178,732	5,686	44	184,462
Segment operating result from continuing operations	17,192	-	-	17,192
Segment operating result from discontinuing operations	-	(1,021)	-	(1,021)
Share of profits/(losses) of joint ventures accounted for using the equity method	-	-	(283)	(283)
Group expenditure	-	-	(14,266)	(14,266)
Net gain on disposal of investments in joint ventures	-	-	6,952	6,952
Profit on sale of Wealth business	-	-	225	225
Profit/(loss) before income tax expense	17,192	(1,021)	(7,372)	8,799
Income tax expense				(2,842)
Profit after income tax expense				5,957

Consolidated - 2019	Continued operations Lending $'000	Discontinued operations Wealth management $'000	Other segments $'000	Total $'000
Revenue				
Sales to external customers from continuing operations	183,846	-	-	183,846
Sales to external customers from discontinued operations	-	10,721	-	10,721
Total sales revenue	183,846	10,721	-	194,567
Discount unwind on trail commission	17,077	-	-	17,077
Other revenue	-	1	51	52
Total revenue	200,923	10,722	51	211,696
Segment operating result from continuing operations	8,581	-	-	8,581
Segment operating result from discontinuing operations	-	(374)	-	(374)
Share of profits of joint ventures accounted for using the equity method	-	-	3,770	3,770
Group expenditure	-	-	(20,598)	(20,598)
Impairment of non-financial assets	(28,858)	(5,089)	-	(33,947)
Loss before income tax benefit	(20,277)	(5,463)	(16,828)	(42,568)
Income tax benefit				5,174
Loss after income tax benefit				(37,394)

Yellow Brick Road Holdings Limited
Notes to the financial statements
30 June 2020

Note 4. Revenue from contracts with customers

	Consolidated	
	2020	**2019**
	$'000	**$'000**
From continuing operations		
Lending	159,593	183,846

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Major product lines		
Mortgage broking services - origination commissions	67,577	64,020
Mortgage broking services - trailing commissions	81,904	110,133
Mortgage broking services - professional fees and services	8,067	7,133
Mortgage management fees	382	440
Sponsorship revenue	1,663	2,120
Total revenue from contracts from continuing operations	159,593	183,846
Investment and wealth management services	2,402	3,311
Life Insurance broking services - upfront	937	1,774
Life Insurance broking services - trail	1,436	2,266
General Insurance Services - upfront	132	248
General Insurance Services - trail	676	2,652
Investment services	92	339
Professional and service fees	11	131
Total revenue from contracts from discontinued operations (note 7)	5,686	10,721
	165,279	194,567
Geographical regions		
Australia under continued operations	159,593	183,846
Australia under discontinued operations (note 7)	5,686	10,721
	165,279	194,567
Timing of revenue recognition		
Services transferred at a point in time under continued operations	159,211	183,406
Services transferred over time under continued operations	382	440
Services transferred at a point in time under discontinued operations (note 7)	5,686	10,721
	165,279	194,567

Note 5. Expenses

	Consolidated 2020 $'000	2019 $'000
Profit/(loss) before income tax from continuing operations includes the following specific expenses:		
Depreciation		
Leasehold improvements	2	10
Office equipment	23	60
Right-of-use assets	928	-
Total depreciation	953	70
Amortisation		
Customer relationships	-	546
Software	200	849
Other intangibles	-	197
Total amortisation	200	1,592
Total depreciation and amortisation	1,153	1,662
Impairment of non-financial assets		
Leasehold improvements	-	184
Office equipment	-	336
Goodwill	-	19,648
Customer relationships	-	3,950
Brands	-	1,039
Software	-	3,032
Other intangible	-	669
Total impairment non-financial assets	-	28,858
Finance costs		
Interest and finance charges paid/payable on borrowings	314	540
Discount unwind on trail commission payments	16,813	14,222
Interest on lease liabilities	82	-
Finance costs expensed	17,209	14,762
Marketing expenses	1,765	3,076
Consultancy expenses	1,645	1,230
Performance rights expense	29	106
Defined contribution superannuation expense	722	1,027
Rental expense relating to operating leases*	-	1,189

* As detailed in note 1, due to the adoption of AASB 16 'Leases' with effect from 1 July 2019, rental expense recognised in the previous year is replaced by depreciation on right-of-use assets and interest on lease liabilities as noted above.

Note 6. Income tax

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Income tax (benefit)/expense		
Deferred tax - origination and reversal of temporary differences	2,798	(5,263)
Adjustment recognised for prior periods	44	89
Aggregate income tax (benefit)/expense	2,842	(5,174)
Deferred tax included in income tax (benefit)/expense comprises:		
Decrease/(increase) in deferred tax assets	2,798	(5,263)
Numerical reconciliation of income tax (benefit)/expense and tax at the statutory rate		
Profit/(loss) before income tax benefit/(expense) from continuing operations	9,820	(36,178)
Loss before income tax expense from discontinued operations	(1,021)	(6,390)
	8,799	(42,568)
Tax at the statutory tax rate of 30%	2,640	(12,770)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	20	25
Share-based payments	23	73
Write down of intangible assets	-	7,146
Other adjustments	115	155
	2,798	(5,371)
Adjustment recognised for prior periods	44	89
Prior year tax losses not recognised now recouped	-	108
Income tax (benefit)/expense	2,842	(5,174)

Note 6. Income tax (continued)

	Consolidated 2020 $'000	2019 $'000
Deferred tax		
Deferred tax asset/(liability) comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	9,960	12,654
Allowance for expected credit losses	135	148
Contract liabilities	384	269
Employee benefits	395	471
Provision for lease make good	74	76
Provision for clawback	168	203
Accrued expenses	779	911
Intangibles	1,056	1,228
Prepayments	111	214
Net deferred trail income/commissions	(13,391)	(13,864)
	(329)	2,310
Amounts recognised in equity:		
Transaction costs on share issue	-	159
Deferred tax asset/(liability)	(329)	2,469
Movements:		
Opening balance	2,469	(2,794)
Credited/(charged) to profit or loss	(2,798)	5,263
Closing balance	(329)	2,469

Note 7. Discontinued operations

Description
On 16 May 2019, the company announced a new strategy and structure for the consolidated entity focusing on mortgage distribution, servicing, funding and securitisation. An active plan was initiated to dispose of, outsource or otherwise restructure the head office wealth business functions.

The consolidated entity entered into a sale agreement and strategic alliance with Sequoia Financial Group Limited (ASX: SEQ) in relation to the head office operational and business functions that comprise its Yellow Brick Road Wealth Division. The total consideration for the sale was $1,906,000, of which the company received $468,000 by June 2020 and the balance is expected to be received in FY21. The net gain on disposal of the wealth business amounting to $225,000 (net of disposal costs) is included in profit or loss.

Particulars of sale of Wealth business:

	$'000
Sale consideration	1,906
Assets included as part of sale	(1,222)
Costs directly associated with sale	(459)
Profit on sale	225

Note 7. Discontinued operations (continued)

Financial performance information

	Consolidated	
	2020	2019
	$'000	$'000
Revenue		
Wealth management	5,686	10,721
Interest income	-	1
Total revenue and other gains	5,686	10,722
Expenses		
Commissions and consultancy expenses	(4,280)	(8,104)
Employee benefits expense	(914)	(2,259)
Impairment of receivables	-	(9)
Other expenses	(1,513)	(1,545)
Finance costs	-	(106)
Total expenses	(6,707)	(12,023)
Loss before income tax expense	(1,021)	(1,301)
Income tax expense	-	-
Loss after income tax expense	(1,021)	(1,301)
Impairment of non-financial assets	-	(5,089)
Income tax expense	-	-
Loss on disposal after income tax expense	-	(5,089)
Loss after income tax expense from discontinued operations	(1,021)	(6,390)

Cash flow information

	Consolidated	
	2020	2019
	$'000	$'000
Net cash used in operating activities	(1,567)	(2,333)
Net cash from investing activities	-	195
Net decrease in cash and cash equivalents from discontinued operations	(1,567)	(2,138)

Note 8. Cash and cash equivalents

	Consolidated	
	2020	2019
	$'000	$'000
Current assets		
Cash at bank	8,811	4,055
Term deposit	2,516	2
	11,327	4,057

Note 9. Trade and other receivables

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current assets		
Trade receivables	661	576
Less: Allowance for expected credit losses	(428)	(444)
	233	132
Other receivables	4,293	1,069
Revenue accrual	14,785	13,758
	19,078	14,827
	19,311	14,959

Allowance for expected credit losses
The consolidated entity has recognised a loss of $335,000 (2019: $102,000) in respect of the expected credit losses for the year ended 30 June 2020.

The allowance for credit losses relates to trade debtors and not to losses associated with upfront or trail commissions receivable.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	2020 %	2019 %	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Not overdue	41%	-	43	70	18	-
0 to 3 months overdue	65%	14%	85	64	55	9
3 to 6 months overdue	35%	51%	237	14	83	7
Over 6 months overdue	92%	100%	296	428	272	428
			661	576	428	444

The consolidated entity has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the Coronavirus (COVID-19) pandemic. As a result, the calculation of expected credit losses has been revised as at 30 June 2020 and rates have been revised in each category.

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2020 $'000	Consolidated 2019 $'000
Opening balance	444	392
Additional provisions recognised	335	102
Classified as held for sale	-	(50)
Receivables written off during the year as uncollectable	(351)	-
Closing balance	428	444

Note 10. Contract assets - trail commissions

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current assets		
Contract assets	70,154	67,641
Non-current assets		
Contract assets	302,214	291,595
	372,368	359,236

Reconciliation
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

	2020 $'000	2019 $'000
Opening balance	359,236	-
Transfer on transition to AASB 15 on 1 July 2018	-	318,918
Initial recognition of contract assets – insurance trail commission on 1 July 2018	-	4,734
Additions - new settlements	90,346	111,373
Run offs	(77,214)	(69,053)
Classified to assets of disposal groups classified as held for sale	-	(6,736)
Closing balance	372,368	359,236

Contract assets mainly increased due to increase in the loan life in the aggregation business. Loan life and other assumptions used are detailed in note 2.

Note 11. Other assets

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current assets		
Prepayments	961	1,252
Other	-	20
	961	1,272
Non-current assets		
Prepayments*	1,245	1,245
	2,206	2,517

* Refer to note 33 'Related party transactions' for further details.

Note 12. Non-current assets classified as held for sale

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current assets		
Investment in joint ventures	-	1,024

On 12 July 2019, the company sold its 50% equity interest in Smarter Money Investments Pty Ltd ('SMI') for the total sale consideration of $7,500,000. The investments were sold to one of the shareholders in Coolabah Capital Investments Pty Ltd (CCI), the owner of the other 50% equity interest in SMI, with an effective date of 1 July 2019.

The first tranche was received on 12 July 2019. Since the end of the financial year, the second tranche of $2,000,000 was received on 12 July 2020. The final tranche of $500,000 is due 18 months after completion.

Net gain on disposal of SMI amounting to $6,952,000 (net of disposal costs) is included in the statement of profit or loss.

Note 13. Assets of disposal groups classified as held for sale

Refer to note 7 'Discontinued operations' for further details.

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current assets		
Trade and other receivables	128	508
Contract assets - trail commissions	-	2,223
Prepayments	-	64
Non-current - contract assets - trail commissions	-	4,513
	128	7,308

Note 14. Investments accounted for using the equity method

	Consolidated 2020 $'000	Consolidated 2019 $'000
Non-current assets		
Investment in joint venture Resi Wholesale Funding	425	-

Reconciliation
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

	2020	2019
Opening carrying amount	-	-
Additions	720	-
Loss after income tax	(295)	-
Closing carrying amount	425	-

The consolidated entity's 50% share of the net tangible assets of the joint venture is $8,346,000 as at 30 June 2020, which is not reflected in the carrying value above.

Refer to note 36 for further information on interests in joint ventures.

Note 15. Right-of-use assets

	Consolidated 2020 $'000	Consolidated 2019 $'000
Non-current assets		
Right-of-use assets	1,800	-
Less: Accumulated depreciation	(928)	-
	872	-

The consolidated entity leases land and buildings for its offices under agreements expiring between 1 to 2 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Office premises $'000	Others $'000	Total $'000
Balance at 1 July 2019	-	-	-
Adoption of AASB 16 on 1 July 2019	1,728	58	1,786
Additions	14	-	14
Depreciation expense	(896)	(32)	(928)
Balance at 30 June 2020	846	26	872

Note 16. Plant and equipment

	Consolidated 2020 $'000	Consolidated 2019 $'000
Non-current assets		
Leasehold improvements - at cost	1,333	1,333
Less: Accumulated depreciation	(1,145)	(1,143)
Less: Impairment	(184)	(184)
	4	6
Office equipment - at cost	2,664	2,525
Less: Accumulated depreciation	(2,205)	(2,181)
Less: Impairment	(336)	(336)
	123	8
	127	14

Note 16. Plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements $'000	Office equipment $'000	Total $'000
Balance at 1 July 2018	197	365	562
Additions	8	34	42
Impairment of assets	(184)	(336)	(520)
Transfers in/(out)	(5)	5	-
Depreciation expense	(10)	(60)	(70)
Balance at 30 June 2019	6	8	14
Additions	-	138	138
Depreciation expense	(2)	(23)	(25)
Balance at 30 June 2020	4	123	127

Note 17. Intangibles

	Consolidated	
	2020 $'000	**2019 $'000**
Non-current assets		
Goodwill - at cost	-	23,548
Less: Impairment	-	(23,548)
	-	-
Customer relationships - at cost	8,472	8,472
Less: Accumulated amortisation	(4,522)	(4,522)
Less: Impairment	(3,950)	(3,950)
	-	-
Brands - at cost	2,139	2,139
Less: Accumulated amortisation	(1,100)	(1,100)
Less: Impairment	(1,039)	(1,039)
	-	-
Software - at cost	6,880	8,152
Less: Accumulated amortisation	(3,455)	(3,539)
Less: Impairment	(3,007)	(3,995)
	418	618
Other intangible assets - at cost	1,842	1,842
Less: Accumulated amortisation	(1,173)	(1,173)
Less: Impairment	(669)	(669)
	-	-
	418	618

Note 17. Intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Customer relationships $'000	Brands $'000	Software $'000	Other $'000	Total $'000
Balance at 1 July 2018	23,548	4,496	1,039	5,138	1,061	35,282
Additions	-	-	-	324	-	324
Disposals	-	-	-	-	(195)	(195)
Impairment of assets	(23,548)	(3,950)	(1,039)	(3,995)	(669)	(33,201)
Amortisation expense	-	(546)	-	(849)	(197)	(1,592)
Balance at 30 June 2019	-	-	-	618	-	618
Amortisation expense	-	-	-	(200)	-	(200)
Balance at 30 June 2020	-	-	-	418	-	418

Note 18. Trade and other payables

	Consolidated 2020 $'000	**Consolidated 2019 $'000**
Current liabilities		
Trade payables	14,599	14,198
Trail commission payables	60,872	58,323
Accrued expenses	2,488	3,234
Other payables	4,276	3,043
	82,235	78,798
Non-current liabilities		
Trade payables	3,993	4,453
Trail commission payables	266,858	256,047
	270,851	260,500
	353,086	339,298

Refer to note 27 for further information on financial instruments.

Note 19. Contract liabilities

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Current liabilities		
Contract liabilities	1,281	896

Reconciliation
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Opening balance	896	-
Transfer on transition to AASB 15 on 1 July 2018	-	1,077
Payments received in advance	2,048	1,938
Transfer to revenue - included in the opening balance	(896)	-
Transfer to revenue - others	(767)	(2,119)
Closing balance	1,281	896

The contract liabilities held relate to sponsorship payments from lenders which are recognised as revenue when matched against the holding of associated events and activities.

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $1,281,000 as at 30 June 2020 ($896,000 as at 30 June 2019) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Within 6 months	1,281	896

Note 20. Borrowings

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Current liabilities		
Bank loans	1,900	1,425
Non-current liabilities		
Bank loans	3,300	5,775
	5,200	7,200

Refer to note 27 for further information on financial instruments.

Note 20. Borrowings (continued)

Total secured liabilities
The total secured liabilities are as follows:

	Consolidated 2020 $'000	Consolidated 2019 $'000
Bank loans	5,200	7,200
Other loans	500	500
	5,700	7,700

Assets pledged as security
Bank loan facilities are financed by the Commonwealth Bank of Australia which are secured by a first ranking charge over all present and future acquired property of the consolidated entity.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 2020 $'000	Consolidated 2019 $'000
Total facilities		
Bank loans	5,200	7,200
Other loans	500	500
	5,700	7,700
Used at the reporting date		
Bank loans	5,200	7,200
Other loans	-	-
	5,200	7,200
Unused at the reporting date		
Bank loans	-	-
Other loans	500	500
	500	500

Note 21. Lease liabilities

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current liabilities		
Lease liability	1,221	-
Non-current liabilities		
Lease liability	89	-
	1,310	-

Refer to note 27 for further information on financial instruments.

Note 22. Provisions

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current liabilities		
Employee benefits	1,071	1,260
Clawback provision	561	667
Client remediation provision	135	928
	1,767	2,855
Non-current liabilities		
Employee benefits	178	179
Lease make-good	246	254
	424	433
	2,191	3,288

Lease make-good
The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Clawback provision
The provision represents the net expected clawback payable on upfront commissions received by the consolidated entity from the funders/branches.

Client remediation provision
During the previous year it was identified that some advice clients who pay an ongoing fee for wealth services may not have received a Fee Disclosure Statement or a Renewal Notice within the time limits prescribed by the Corporations Act. A programme was put in place to carry out an internal audit of available records and to contact affected clients. The consolidated entity has raised a provision and where the appropriate remediation action may require financial compensation. As such, provisions of this nature require significant levels of judgement. A sample-based review was conducted to ascertain an estimate of fees that might need to be refunded to clients. It is possible that the financial costs could be below or above the provision, if the actual outcome of the internal audit differs to the assumptions used to estimate the provision.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2020	Lease make-good $'000	Clawback $'000	Client remediation provision $'000
Carrying amount at the start of the year	254	667	928
Additional provisions recognised	-	-	15
Amounts used	(8)	(106)	(114)
Reversal of excess provision	-	-	(694)
Carrying amount at the end of the year	246	561	135

Note 23. Liabilities directly associated with assets classified as held for sale

Refer to note 7 - Discontinued operations and note 13 'Assets of disposal groups classified as held for sale' for further details.

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current liabilities		
Trade and other payables	43	506
Trail commissions payable	-	1,778
Underwriter payables	239	356
Provisions	-	149
Non-current - trail commissions payable	-	3,610
	282	6,399

Note 24. Issued capital

	Consolidated 2020 Shares	Consolidated 2019 Shares	Consolidated 2020 $'000	Consolidated 2019 $'000
Ordinary shares - fully paid	324,371,884	283,987,008	112,457	110,109

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$'000**
Balance	1 July 2018	282,419,831		109,963
Performance rights exercised (Resi Franchisees)	4 September 2018	36,057	$0.23	8
Shares issued to employees	18 December 2018	1,531,120	$0.09	138
Balance	30 June 2019	283,987,008		110,109
Shares issued to employees	5 July 2019	313,714	$0.13	41
Shares issued	19 September 2019	14,000,000	$0.06	840
Shares issued	20 November 2019	26,000,000	$0.06	1,560
Shares issued to employees	19 May 2020	71,162	$0.11	7
Shares transaction costs, net of tax		-	$0.00	(100)
Balance	30 June 2020	324,371,884		112,457

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Note 24. Issued capital (continued)

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company, or in other growth initiatives, are seen as value adding.

The consolidated entity's approach to capital risk management remains unchanged from the 30 June 2019 Annual Report.

Note 25. Reserves

	Consolidated 2020 $'000	Consolidated 2019 $'000
Share-based payments reserve	2,101	2,072
Fair value reserve	105	105
	2,206	2,177

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Fair value reserve
The reserve is used to recognise the value of the discount applied to non-current financial liabilities in order to recognise them at their fair value in the statement of financial position.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share-based payments $'000	Available-for sale assets revaluation $'000	Financial assets at FV through OCI $'000	Fair value $'000	Total $'000
Balance at 1 July 2018	1,975	342	-	105	2,422
Revaluation - gross	-	(342)	342	-	-
Performance rights net movement	97	-	-	-	97
Changes in the fair value of equity investments through other comprehensive income	-	-	(19)	-	(19)
Transfer to accumulated losses on disposal of the equity investments	-	-	(323)	-	(323)
Balance at 30 June 2019	2,072	-	-	105	2,177
Performance rights net movement	29	-	-	-	29
Balance at 30 June 2020	2,101	-	-	105	2,206

Note 26. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 27. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the board. These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units.

Market risk

Foreign currency risk
The consolidated entity is not exposed to any significant foreign currency risk.

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
Interest rate risk arises from fluctuations in interest bearing financial assets or liabilities that the consolidated entity may have. The consolidated entity's main interest rate risk arises from its cash at bank and bank loans.

As at the reporting date, the consolidated entity had the following variable rate borrowings and cash and cash equivalents outstanding:

	2020		2019	
Consolidated	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Cash and cash equivalents	0.45%	8,811	1.03%	4,057
Term deposits	1.19%	2,516	-	-
Loans	4.37%	(5,200)	6.10%	(7,200)
Net exposure to cash flow interest rate risk		6,127		(3,143)

An official increase/(decrease) in interest rates of 100 (2019: 100) basis points would have a favourable/unfavourable effect on profit before tax of $61,000 (2019: $31,000) per annum and favourable/unfavourable effect on equity of $43,000 (2019: $22,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analyst's forecasts.

Credit risk
Credit risk is managed on a consolidated entity basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available. As disclosed in note 9, due to the Coronavirus (COVID-19) pandemic, the calculation of expected credit losses has been revised as at 30 June 2020.

Note 27. Financial instruments (continued)

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity. However, 55.12% (2019: 56.74%) of the value of trail commission receivable relates to loans provided by four financial institutions to customers of the consolidated entity. In the unlikely event that any of these APRA regulated financial institutions are subject to an insolvency event, the consolidated entity's obligation to remit future trail commission to its independent branch network would also be suspended pending future receipts, thereby mitigating the financial impact of any default to a point where it would have no material impact on the financial viability of consolidated entity.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The consolidated entity has a concentration of credit risk in relation to its bank balances and deposits to a number of Australian banks, other financial institutions and funds. The risk is mitigated due to the high credit rating of the banks, funds and government backed guarantees.

Liquidity risk
Liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 2020 $'000	Consolidated 2019 $'000
Other loans	500	500

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position. The below table includes continuing and discontinuing operations balances.

Consolidated - 2020	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	14,642	3,993	-	-	18,635
Other payables	-	4,276	-	-	-	4,276
Trail commission payables	-	74,103	63,756	133,796	127,307	398,962
Underwriter payables	-	239	-	-	-	239
Interest-bearing - variable						
Bank loans	4.37%	2,099	3,320	-	-	5,419
Interest-bearing - fixed rate						
Lease liability	-	1,251	89	-	-	1,340
Total non-derivatives		96,610	71,158	133,796	127,307	428,871

Note 27. Financial instruments (continued)

Consolidated - 2019	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	14,704	4,453	-	-	19,157
Other payables	-	3,043	-	-	-	3,043
Trail commission payables	-	72,017	69,937	134,077	107,126	383,157
Underwriter payables	-	356	-	-	-	356
Interest-bearing - variable						
Bank loans	6.10%	1,848	2,101	4,105	-	8,054
Total non-derivatives		91,968	76,491	138,182	107,126	413,767

Trail commission is based on expected maturity, not contracted maturity. Other maturities reflect contracted maturities. Comparatives have been updated to reflect the same methodology as the current year.

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 28. Fair value measurement

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

30 June 2020: There were no assets or liabilities accounted at fair value.

Consolidated - 2019	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Investments at fair value through profit or loss	50	-	-	50
Total assets	50	-	-	50

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

There were no transfers between levels during the financial year.

Note 29. Key management personnel disclosures

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

	Consolidated 2020 $	Consolidated 2019 $
Short-term employee benefits	2,135,493	2,746,556
Post-employment benefits	69,619	131,215
Long-term benefits	15,475	24,389
Share-based payments	11,667	85,625
	2,232,254	2,987,785

Note 30. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the company, and unrelated firms:

	Consolidated 2020 $	Consolidated 2019 $
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	235,013	315,464
Other services - Grant Thornton Audit Pty Ltd		
Taxation services	41,142	94,159
	276,155	409,623
Audit services - unrelated firms		
Audit or review of the financial statements	9,500	14,700

Note 31. Contingent liabilities

The consolidated entity has given bank guarantees as at 30 June 2020 of $1,104,000 (2019: $1,104,000).

In the normal course of business, the consolidated entity may incur obligations or potential future liability arising from litigation. A contingent liability exists where there are instances of actual or likely potential legal proceedings. The accounting standards permit the consolidated entity not to disclose certain information where such disclosure may potentially prejudice the position of the consolidated entity.

From time to time, the consolidated entity may suffer financial loss arising from litigation or contracts entered into in the normal course of business. Legal proceedings threatened against the consolidated entity may also, if filed, result in the consolidated entity incurring obligations or suffering financial loss. Claims have been brought against Yellow Brick Road Accounting and Wealth Management Pty Ltd ('the company') by 2 former unrelated clients, claiming loss from allegedly incorrect investment, accounting and tax advice. Prior to 2016, the company operated an accounting business, although that business has since been sold. The company is no longer operating but remains part of the consolidated entity. Where it is determined that the disclosure of information in relation to a contingent liability can be expected to seriously prejudice the position of the consolidated entity (or its insurers) in a dispute, accounting standards allow the consolidated entity not to disclose such information. It is the consolidated entity's policy that such information is not disclosed in this note. Both claims are subject to claims by the company for complete indemnity from the consolidated entity's insurance broker, which they have admitted. Neither claim is not likely to be determined until late 2021 or early 2022 at the earliest.

Note 32. Commitments

	Consolidated	
	2020	2019
	$'000	$'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	1,134
One to five years	-	1,159
	-	2,293
Advertising commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
One to five years	13,697	13,697

Operating lease commitments includes contracted amounts for office accommodation, under non-cancellable operating leases expiring within three years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. With effect from 1 July 2019, these commitments are accounted in accordance with AASB 16 'Leases', as detailed in note 1

Note 33. Related party transactions

Parent entity
Yellow Brick Road Holdings Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 35.

Joint ventures
Interests in joint ventures are set out in note 36.

Key management personnel
Disclosures relating to key management personnel are set out in note 29 and the remuneration report included in the directors' report.

Note 33. Related party transactions (continued)

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

	Consolidated 2020 $	2019 $
Sale of goods and services:		
Sales to Resi Wholesale Funding Pty Limited (a joint venture entity) - Lending services	20,505	-
Sales to TZ Limited (director-related entity of Mark Bouris) - Rent and administration services (a)	-	71,650
Sales to State Capital Property Ltd (director-related entity of Mark Bouris) - Insurance services	-	2,477
Sales to parties related to Mark Bouris for insurance services	-	6,529
Sales to parties related to Adrian Bouris for insurance services	-	1,200
Sales to parties related to Adrian Bouris for lending services	182	-
Expensed during the year:		
Consultancy services from Golden Wealth Holdings Pty Ltd (director-related entity of Mark Bouris) (b)	1,125,000	1,125,000
Purchases of services from Chifley Travel (director-related entity of Adrian Bouris) (c)	11,014	21,376
Purchases of services from BBB Capital Pty Limited (director-related entity of Adrian Bouris) - Corporate finance services (d)	1,282,000	416,466

(a) TZ Limited ceased being a related party on 20 November 2018.
(b) Consulting services per consultancy service agreement referenced in the director's report.
(c) Travel and accommodation costs of $135,834 (2019: $228,345) were booked through Chifley Travel and incurred service fees of $11,014 (2019: $21,376)
(d) BBB Capital, its team and advisors provided corporate finance services in relation to the sale of Smarter Money Investments, the sale of the consolidated entity's wealth business, the Resi Wholesale Funding joint venture and securitisation project, equity and debt raisings and other significant projects.

Other transactions:
On 29 August 2014 the consolidated entity issued GWH, a company controlled by Mark Bouris, 6,000,000 shares and 10,000,000 performance rights, at a fair value of $4,200,000 and $1,475,000 respectively as consideration of certain lock-in/lock-out and long term incentive arrangements with GWH and Mark Bouris. The fair value of the performance rights was recognised as an expense over five years. The amount expensed for the financial year 30 June 2020 amounted to $11,667 (2019: $85,625). As at 30 June 2020, 10,000,000 (2019: 7,500,000) performance rights have lapsed, with no benefit to GWH.

Note 33. Related party transactions (continued)

Receivables, prepayments and payables with related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 2020 $	2019 $
Current receivables:		
Sale of lending services receivables and other receivables from Resi Wholesale Funding Pty Limited (a joint venture entity) (a)	39,398	-
Non-current asset - Prepayments		
Prepayment from the Nine Entertainment Group (shareholder-related entity) (b)	1,244,852	1,244,852
Current payables:		
Consultancy services payable to Golden Wealth Holdings Pty Ltd (director-related entity of Mark Bouris) (c)	275,000	618,750
Corporate finance services payable to BBB Capital Pty Ltd (director-related entity of Adrian Bouris) (d)	330,000	27,500
Non-current payables:		
Marketing and interest expenses payable to Nine Entertainment Group (shareholder-related entity)	3,992,578	4,452,578

(a) $27,963 relates to the expense reimbursement, which is paid by the consolidated entity on behalf of Resi Wholesale Funding.
(b) Nine Entertainment Group ('Nine') provided the consolidated entity $6,490,000 in contra advertising in 2012 as part settlement for shares Nine acquired in the company. Advertising of $nil (2019: $nil) was used during the year ended 30 June 2020, leaving an unused balance of non-current prepayment of $1,244,852 (2019: $1,244,852). The consolidated entity does not expect to realise this asset within 12 months of reporting date and hence it has been classified as a non-current asset.
(c) Consulting services per consultancy service agreement referenced in the director's report.
(d) BBB Capital, its team and advisors provided corporate finance services in relation to the sale of Smarter Money Investments, the sale of consolidated entity's wealth business, the Resi Wholesale Funding joint venture and securitisation project, equity and debt raisings and other significant projects.

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

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

As BBB Capital Pty Ltd is a director related entity, all engagements with the consolidated entity are reviewed against similar providers fees and services and approved by the independent director prior to commencement.

Note 34. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2020 $'000	2019 $'000
Profit after income tax	4,687	3,157
Total comprehensive income	4,687	3,157

Note 34. Parent entity information (continued)

Statement of financial position

	Parent 2020 $'000	Parent 2019 $'000
Total current assets	62,450	58,827
Total assets	102,662	97,463
Total current liabilities	1,528	330
Total liabilities	4,102	6,105
Equity		
Issued capital	112,595	110,109
Share-based payments reserve	1,532	1,503
Accumulated losses	(15,567)	(20,254)
Total equity	98,560	91,358

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2020 and 30 June 2019.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries and joint ventures are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity.

Note 35. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1 :

Name	Principal place of business / Country of incorporation	Ownership interest 2020 %	Ownership interest 2019 %
Yellow Brick Road Group Pty Ltd	Australia	100%	100%
Skasgard Pty Ltd	Australia	100%	100%
Loan Avenue Pty Ltd	Australia	100%	100%
Carithas Pty Ltd	Australia	100%	100%
Boreanaz Pty Ltd	Australia	100%	100%
Yellow Brick Road Investment Partners Pty Ltd	Australia	100%	100%
Yellow Brick Road Investment Services Pty Ltd	Australia	100%	100%
Yellow Brick Road Services Pty Ltd	Australia	100%	100%
Yellow Brick Road Accounting and Wealth Management Pty Ltd	Australia	100%	100%
Yellow Brick Road Financial Planners Pty Ltd	Australia	100%	100%
Resi Wholesale Funding Pty Limited (formerly known as Yellow Brick Road Real Estate Pty Ltd)	Australia	-	100%

Note 35. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership interest 2020 %	2019 %
Yellow Brick Road Finance Pty Ltd	Australia	100%	100%
Yellow Brick Road Accounting and Taxation Services Pty Ltd	Australia	100%	100%
Yellow Brick Road Wealth Management Pty Ltd	Australia	100%	100%
Resi Mortgage Corporation Pty Limited	Australia	100%	100%
Vow Financial Holding Pty Limited	Australia	100%	100%
Vow Financial Group Pty Ltd	Australia	100%	100%
The Mortgage Professionals Pty Ltd	Australia	100%	100%
Vow Financial Pty Ltd	Australia	100%	100%
The Money Factory Pty Ltd	Australia	100%	100%
NBG Holdings Pty Ltd	Australia	100%	100%
Vow Wealth Management Pty Ltd	Australia	100%	100%
Ironbark Mortgage Solutions Pty Ltd	Australia	100%	100%
NBG Pty Ltd	Australia	100%	100%
FASA Pty Ltd	Australia	100%	100%
Australian Property Finance Pty Ltd	Australia	100%	100%
NBG Leasing Pty Ltd	Australia	100%	100%
Select Mortgage Finance Pty Ltd	Australia	100%	100%
Vow Financial Planning Pty Ltd	Australia	100%	100%
Loan Avenue Holdings Pty Ltd	Australia	100%	100%
Money Management Pty Ltd	Australia	100%	100%

Note 36. Interests in joint ventures

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2020 %	2019 %
Smarter Money Investments Pty Ltd*	Funds management	-	50.00%
Resi Wholesale Funding Pty Limited**	Lending business	50.00%	-

* On 12 July 2019, the company sold its 50% equity interest in Smarter Money Investments Pty Ltd. Refer to note 12 for further information.

** On 27 February 2020, the consolidated entity entered into a 50% joint venture in Resi Wholesale Funding Pty Limited.

Note 36. Interests in joint ventures (continued)

Summarised financial information

	Resi Wholesale 2020 $'000	Smarter Money 2020 $'000	Smarter Money 2019 $'000
Summarised statement of financial position			
Cash and cash equivalents	6,512	-	230
Trade and other receivables	44	-	1,088
Other assets	2,147	-	-
Total assets	8,703	-	1,318
Trade and other payables	12	-	424
Other liabilities	31	-	894
Total liabilities	43	-	1,318
Net assets	8,660	-	-
Summarised statement of profit or loss and other comprehensive income			
Revenue	12	12	6,770
Expenses	(228)	-	(3,000)
Profit/(loss) before income tax	(216)	12	3,770
Other comprehensive income	(79)	-	-
Total comprehensive income	(295)	12	3,770

Contingent liabilities
Contingent liabilities as at 30 June 2020 Nil (30 June 2019: Nil)

Commitments
Share of commitments but not recognised as liability as at 30 June 2019 $ Nil (30 June 2019: $ Nil).

Note 37. Cash flow information

Reconciliation of profit/(loss) after income tax to net cash (used in)/from operating activities

	Consolidated 2020 $'000	Consolidated 2019 $'000
Profit/(loss) after income tax benefit/(expense) for the year	5,957	(37,394)
Adjustments for:		
Depreciation and amortisation	1,153	1,662
Impairment of non-current assets	-	33,947
Share-based payments	48	244
Share of loss - joint ventures (Resi Wholesale Funding)	295	-
Movement in share capital and share reserve	29	-
Net change on the present value of trail commissions	423	3,755
Gain on sale of Smarter Money and wealth business	(7,177)	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	1,549	1,595
Decrease/(increase) in prepayments	297	(250)
Decrease in other operating assets	6	141
Decrease in trade and other payables	(257)	(395)
Increase/(decrease) in deferred tax liabilities	2,798	(5,174)
Decrease in employee benefits	(412)	(50)
Increase/(decrease) in other operating liabilities	(1,001)	1,824
Net cash (used in)/from operating activities	3,708	(95)

Changes in liabilities arising from financing activities

Consolidated	Bank loans $'000	Lease liabilities $'000	Total $'000
Balance at 1 July 2018	8,650	-	8,650
Net cash used in financing activities	(1,450)	-	(1,450)
Balance at 30 June 2019	7,200	-	7,200
Net cash used in financing activities	(2,000)	(890)	(2,890)
Adoption of AASB 16 on 1 July 2019	-	2,186	2,186
Acquisition of leases	-	14	14
Balance at 30 June 2020	5,200	1,310	6,510

Note 38. Earnings per share

	Consolidated 2020 $'000	Consolidated 2019 $'000
Earnings per share for profit/(loss) from continuing operations		
Profit/(loss) after income tax attributable to the owners of Yellow Brick Road Holdings Limited	6,978	(31,004)

Note 38. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	311,158,113	283,267,463
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	535,573	543,560
Weighted average number of ordinary shares used in calculating diluted earnings per share	311,693,686	283,811,023

	Cents	Cents
Basic earnings per share	2.24	(10.95)
Diluted earnings per share	2.24	(10.92)

	Consolidated 2020 $'000	2019 $'000
Earnings per share for loss from discontinued operations		
Loss after income tax attributable to the owners of Yellow Brick Road Holdings Limited	(1,021)	(6,390)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	311,158,113	283,267,463
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	-	543,560
Weighted average number of ordinary shares used in calculating diluted earnings per share	311,158,113	283,811,023

	Cents	Cents
Basic earnings per share	(0.33)	(2.26)
Diluted earnings per share	(0.33)	(2.25)

	Consolidated 2020 $'000	2019 $'000
Earnings per share for profit/(loss)		
Profit/(loss) after income tax attributable to the owners of Yellow Brick Road Holdings Limited	5,957	(37,394)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	311,158,113	283,267,463
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	535,573	543,560
Weighted average number of ordinary shares used in calculating diluted earnings per share	311,693,686	283,811,023

	Cents	Cents
Basic earnings per share	1.91	(13.20)
Diluted earnings per share	1.91	(13.18)

Note 39. Share-based payments

On 29 August 2014 the consolidated entity issued GWH, a company controlled by Mark Bouris, 6,000,000 shares and 10,000,000 performance rights, at a fair value of $4,200,000 and $1,475,000 respectively as consideration of certain lock-in/lock-out and long term incentive arrangements with GWH and Mark Bouris. The fair value of the performance rights were recognised as an expense over five years. The amount expensed for the financial year 30 June 2020 amounted to $12,000 (2019: $86,000). As at 30 June 2020, 10,000,000 performance rights have lapsed, with no benefit to GWH.

In addition to the expense for the performance rights to the KMP there is an amount expensed for RESI performance rights which was $17,000 (2019: $20,000)

Set out below details of the performance rights granted to directors and external parties:

2020

Grant date	Expiry date*	Fair value at granted date	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
29/08/2014	29/08/2019	$0.15	2,500,000	-	-	(2,500,000)	-
29/07/2015	30/11/2019	$0.21	92,307	-	-	-	92,307
20/07/2015	27/09/2020	$0.18	168,268	-	-	-	168,268
20/07/2015	31/10/2020	$0.18	144,230	-	-	-	144,230
20/07/2015	07/02/2021	$0.18	38,461	-	-	-	38,461
20/07/2015	30/11/2022	$0.18	92,307	-	-	-	92,307
			3,035,573	-	-	(2,500,000)	535,573

* 92,307 shares against the performance rights were due during the year ended 30 June 2020 but will be issued subsequent to the end of the financial year.

The weighted average remaining contractual life of performance rights issued in August 2014 (KMP), and outstanding at the end of the financial year was nil (2019: Two months). The weighted average remaining contractual life of other performance rights issued, and outstanding at the end of the financial year was 0.76 years (2010: 1.54 years).

2019

Grant date	Expiry date	Fair value at granted date	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
29/08/2014	29/08/2019	$0.15	2,500,000	-	-	(2,500,000)	-
29/08/2014	29/08/2019	$0.15	2,500,000	-	-	-	2,500,000
29/07/2015	27/09/2017	$0.23	36,057	-	(36,057)	-	-
29/07/2015	30/11/2019	$0.21	92,307	-	-	-	92,307
20/07/2015	27/09/2020	$0.18	168,268	-	-	-	168,268
20/07/2015	31/10/2020	$0.18	144,230	-	-	-	144,230
20/07/2015	07/02/2021	$0.18	38,461	-	-	-	38,461
20/07/2015	30/11/2022	$0.18	92,307	-	-	-	92,307
			5,571,630	-	(36,057)	(2,500,000)	3,035,573

Note 40. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a significant impact for the consolidated entity up to 30 June 2020, it is not practicable to estimate the impact, after the reporting date. The consolidated entity has not received the Federal Government's Job Keeper incentive, though has benefitted from the deferral of tax related payments which have been included in creditors at 30 June 2020. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. The potential impacts of COVID-19 will continue to be closely monitored; especially for any downturn in the Australian residential property market and reduction in loan settlements. This potential is heightened if the level 4 restrictions currently in Melbourne are extended or implemented in other parts of Australia. To mitigate the impact of COVID-19, the major suppliers have allowed borrower's loan repayments to be deferred. The company continues to receive and pay Trail commission on deferred loans.

The consolidated entity has implemented a range of measures, particularly expense containment, to deal with COVID-19. Other measures include work from home availability for 100% of corporate staff from mid-March 2020, restrictions on the number of staff allowed in company offices based on social distancing, additional cleaning of offices, availability of hand sanitisers and other cleaning facilities and reimbursement of seasonal flu vaccines made available to all staff.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Yellow Brick Road Holdings Limited
Shareholder information
30 June 2020

The shareholder information set out below is applicable as at 15 October 2020

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	No. of holders of ordinary shares
1- 1,000	245
1,001 - 5,000	497
5,001 - 10,000	274
10,001 - 100,000	556
100,001 and other	182
	1,754
Holding less than a marketable parcel	762

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Number Held	Ordinary shares % of total shares issued
ONE MANAGED INVT FUNDS LTD <1 A/C>	61,164,204	18.86
PINK PLATYPUS PTY LIMITED	49,592,858	15.29
GOLDEN WEALTH HOLDINGS PTY LTD	49,453,865	15.25
MAGNETAR CONSTELLATION MASTER FUND LTD	16,000,000	4.93
SANDINI PTY LTD <KARRATHA RIGGING UNIT A/C>	9,900,000	3.05
MAGNETAR CONSTELLATION FUND II LTD	6,000,000	1.85
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	5,464,168	1.69
ELLISON (WA) PTY LIMITED	4,285,715	1.32
MAGNETAR CONSTELLATION MASTER FUND V LTD	4,000,000	1.23
MAGNETAR LONGHORN FUND LP	4,000,000	1.23
MAGNETAR STRUCTURED CREDIT FUND LP	4,000,000	1.23
MAGNETAR XING HE MASTER FUND LTD	4,000,000	1.23
PROZMART PTY LTD <CHRISTIE FAMILY A/C>	3,517,858	1.08
B & R JAMES INVESTMENTS PTY LIMITED <JAMES SUPERANNUATION A/C>	3,500,000	1.08
MR ADRIAN JOHN BOURIS	3,130,400	0.97
STILETTO INVESTMENTS PTY LTD	3,100,000	0.96
V WASP PTY LIMITED <THE PETER JAMES S/BEN'S A/C>	2,946,429	0.91
DMX CAPITAL PARTNERS LIMITED	2,500,000	0.77
DUAL CROWN PTY LTD <THE BOURIS SUPER FUND A/C>	2,317,995	0.71
CARRIER INTERNATIONAL PTY LTD <KUIPER FAMILY A/C>	2,041,440	0.63
	240,914,932	**74.29**

Unquoted equity securities

The following persons hold 20% or more of unquoted equity securities

Name	Class	Number held
Former RESI branch owners	Performance rights	535,573

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total
SANDON CAPITAL PTY LTD	63,036,787	19.44
GOLDEN WEALTH HOLDINGS PTY LTD	54,028,182	16.66
PINK PLATYPUS PTY LIMITED	49,592,858	15.29
MAGNETAR FINANCIAL LLC	40,000,000	12.34

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 performance rights

No voting rights

There are no other classes of equity securities.

Restricted securities

There are no restricted securities on the reporting date.

Yellow Brick Road Holdings Limited
Directors' declaration
30 June 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

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

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the directors

Mark Bouris
Executive Chairman

25 August 2020
Sydney

Grant Thornton

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Independent Auditor's Report

To the Members of Yellow Brick Road Holdings Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Yellow Brick Road Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Emphasis of matter – COVID-19

We draw attention to Note 2 of the financial report, which describes the circumstances relating to COVID-19 and the uncertainty surrounding any potential financial impact on the financials. Our opinion is not modified in respect of this matter.

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.

Key audit matter	How our audit addressed the key audit matter
Long-term trail commissions (Note 10 and Note 18)	
The Group recognised net contract assets - trail commission of $44.64 million at 30 June 2020. The expected value of the asset is based on an external expert valuation. This area is a key audit matter due to the level and extent of judgement applied in respect to key inputs, such as run off rates, discount rates as well as the valuation methodology. This increases the complexity of the valuation and increases the risk the net asset value is not appropriately recorded. In the current year there were increased uncertainties as a result of COVID-19 which resulted in management and the Board challenging more the assumptions / inputs in the valuation.	Our procedures included, amongst others: • obtaining and assessing findings of external expert valuation report including assessing the completeness and accuracy of the data used to develop the report; • evaluating the qualifications and expertise of management's valuation expert in order to assess their professional competence and capabilities as they relate to the work undertaken; • assessing the reasonableness of key assumptions in the model by comparing to historical internal information and available market data; • performing a sensitivity analysis on the key assumptions; and • assessing the adequacy of the related disclosures in the financial statements.
Revenue from contracts with customers (Note 4 and Note 7)	
Revenue totalled $165.28million ($159.59m continuing operations and $5.69m discontinued operations) for the year ending 30 June 2020, and is the largest item in the Statement of Profit or Loss. This area is a key audit matter given the significance of the balance, volume of transactions and complexity of revenue streams.	Our procedures included, amongst others: • evaluating and performing a walkthrough of management's processes and internal controls regarding the recognition of revenue; • testing a sample of transactions recognised in the general ledger to supporting documentation, including cash receipts per the bank statements; • agreeing a sample of recorded fees and commission transactions to invoices and bank statements; • assessing the revenue recognition policies for appropriateness and consistency with the prior year; and • assessing the adequacy of the related disclosures in the financial statements.

Information other than the financial report and auditor's report thereon

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

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

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

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

Responsibilities of the Directors for the financial report

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

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

Auditor's 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 6 to 12 of the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Yellow Brick Road Holdings Limited, for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Madeleine Mattera

Madeleine Mattera
Partner – Audit & Assurance

Sydney, 25 August 2020

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