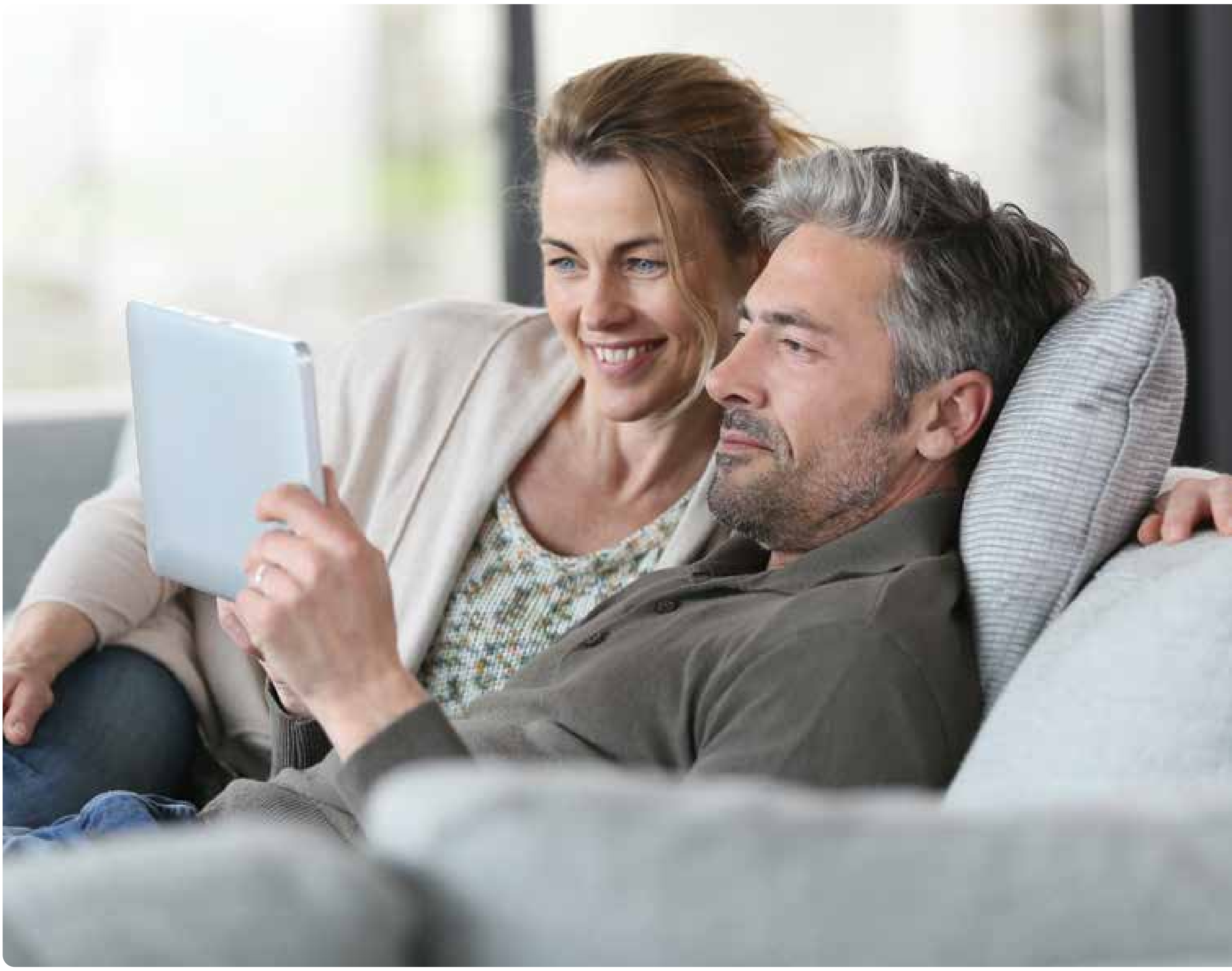
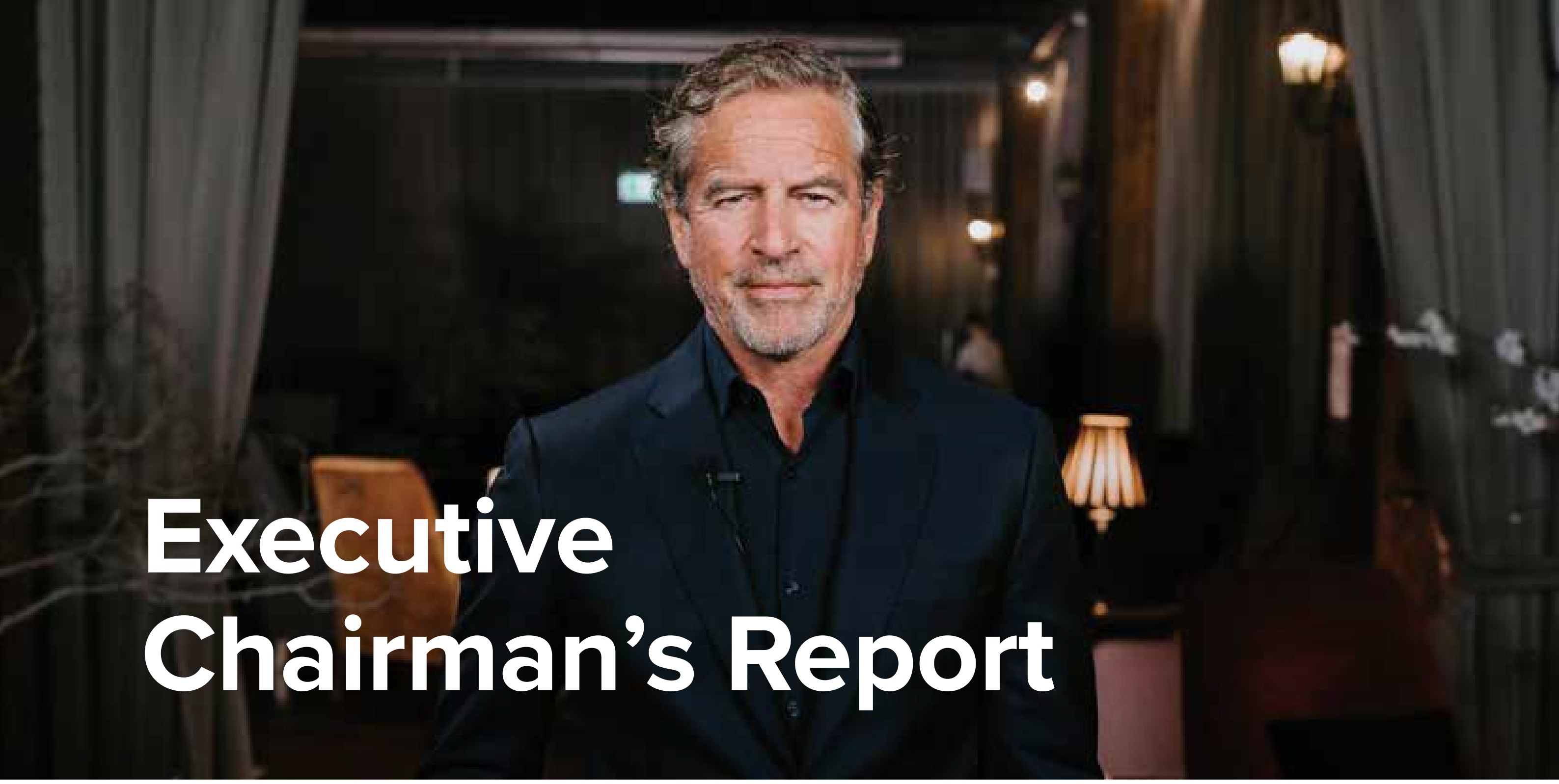
Flexibility, Transparency and Choice.



Annual Report 2021



Executive Chairman's Report

Dear Shareholders,

The year ended 30 June 2021 was indeed a year full of economic surprises with the economy bouncing back from 2 negative GDP quarters in 2020 to what I have been referring to as being a one-in-20 year property boom in 2021, followed by a slowdown in the economy at the end of the 2021 financial year due to the recommencement of lockdowns. The mortgage market; however, has demonstrated its resilience by continuing to grow.

The snapshot of the business highlights for FY21 are:

1. The business has successfully negotiated the impacts of COVID-19 which have provided an opportunity to demonstrate value to our franchisees, brokers and customers in uncertain times;
2. Gaining momentum with our self-funded mortgage products via the Resi Wholesale Funding joint venture. The portfolio has reached over $130m by 31 August 2021 and is growing month on month;
3. The evolution of our digital marketing strategy with positive benefits to our Yellow Brick Road franchisees. We have completed a "closed-loop" campaign and lead management system which allows us to track and rapidly pivot the effectiveness of campaigns and the allocation and follow-up or retrieval of leads to/from our networks. This digital strategy has been complemented by the return to prime media via info-mercials and TV advertising; and
4. The extension of our best-in-industry training platform to support our brokers through another year of regulatory change.

Our group continued to generate cashflow positive months from operations consistently for the full period, which indicates the business is properly geared when it comes to overheads and costs relative to revenues, from both new business and mortgage book trail, irrespective of the volatility in the economy. This is an important indicator for shareholders as this is the second year running of operating performance yielding a cash profit (excluding trail NPV) which for FY21 was $4.79m (FY20 $9.25m).

Admittedly, growth in property market sales for the year and significant amounts of home loan refinancing assisted in this outcome for the group. We are seeing this trend continue into the 2022 financial year.

The net effect of such a rampant refinancing market is that our own mortgage book was also refinanced in part, which resulted in an accounting adjustment to our net present value of the mortgage book of negative $5.23m. This is a non-cash item.

Our strategy to address this adjustment has been in play for some time.

The strategy was to partner with Magnetar Capital in Resi Wholesale Funding Pty Ltd to manufacture and fund our Resi home loan products and to own more of the margin in every such loan we settle.

We launched our first mortgage products in July last year and for the first 8 months trialled our systems, credit teams and worked with branches and brokers to win acceptance of our end-to-end process and product along with market leading pricing. It was around April 2021 that we started to see broker market acceptance of the product and greater confidence from our warehouse funding providers about our business systems and integrity. It's fair to say we are well past testing and are in full operation mode now.

We have experienced significant uptake since April in volumes being written and that trend is continuing.

In terms of the major strategic group undertakings for 2022 ahead, we are focusing on increasing our Vow financial footprint of independent brokers from 1,243 to well over 1,300. Additionally, we are beginning to build out significantly the Yellow Brick Road branch footprint across Australia and targeting a further 100 brokers or / branches.

We have commenced an aggressive regional television advertising program to complement our digital metro campaigns to drive leads into existing YBR branches. There is a good deal of other advertising collateral, materials and PR campaigns being rolled out in the first half of FY22. The objective is to build out the Yellow Brick Road brand and message to achieve our goal of being the best known independent non-bank in the country. Our major branded competitors have all been acquired by banks or absorbed into other businesses. This activity will assist in the recruitment of new brokers and branches into the Yellow Brick Road home loans brand, as well as mortgage enquiry from consumers.

We have also been watching with interest the mergers and sales of many of our competitors in our market. We are calling out the bringing together of traditional mortgage distribution businesses and digital lending platforms controlled by some of the most dominant retail banks in the nation as a new model for the future of mortgage customer harvesting, capture and closing.

In this regard we have made significant steps in undertaking a similar transformation of the Yellow Brick Road Home Loans business. This digital transformation will see us launch yhomeloans.com.au to compete head on with other digital lenders and brokers offering online home loans.

The digital transformation is not just about giving customers the choice of how they make an application for a home loan. It's about understanding the behaviour of customers from the moment they are thinking about buying a home, where they buy, where they invest, what type of buyer they are, and so on. The rich data provided in their online journey allows us to know our customers and to service them in a way that they get the best value by choosing us. Better than the way banks deal with them. We see the customer from the earliest moment when they are considering how much they can borrow. We are excited about building a bank of data that helps our brokers and customers alike. In addition, we have the added advantage of being able to service the enquiry in person with our extensive physical distribution network, which we are expanding as mentioned above, where consumers can't complete the applications online.

We have spent a substantial part of the 2021 year planning for 2022 and executing on that strategic plan. We also were very mindful of not overreaching in terms of costs. For the 2022 year it's all about aggressive growth. This aggressive growth will be focused on:

- Aggressive growth in the distribution footprint both for our aggregator business, Vow Financial and our branded broker network Yellow Brick Road Home Loans;
- Aggressive growth in revenues and productivity in both aggregation and Yellow Brick Road branded brokers and branches;
- Aggressive push on marketing and advertising both digitally and on mainstream TV advertising in the regional growth areas;
- Launch our digital brand Y Home Loans to serve those customers that want online service for home loans.

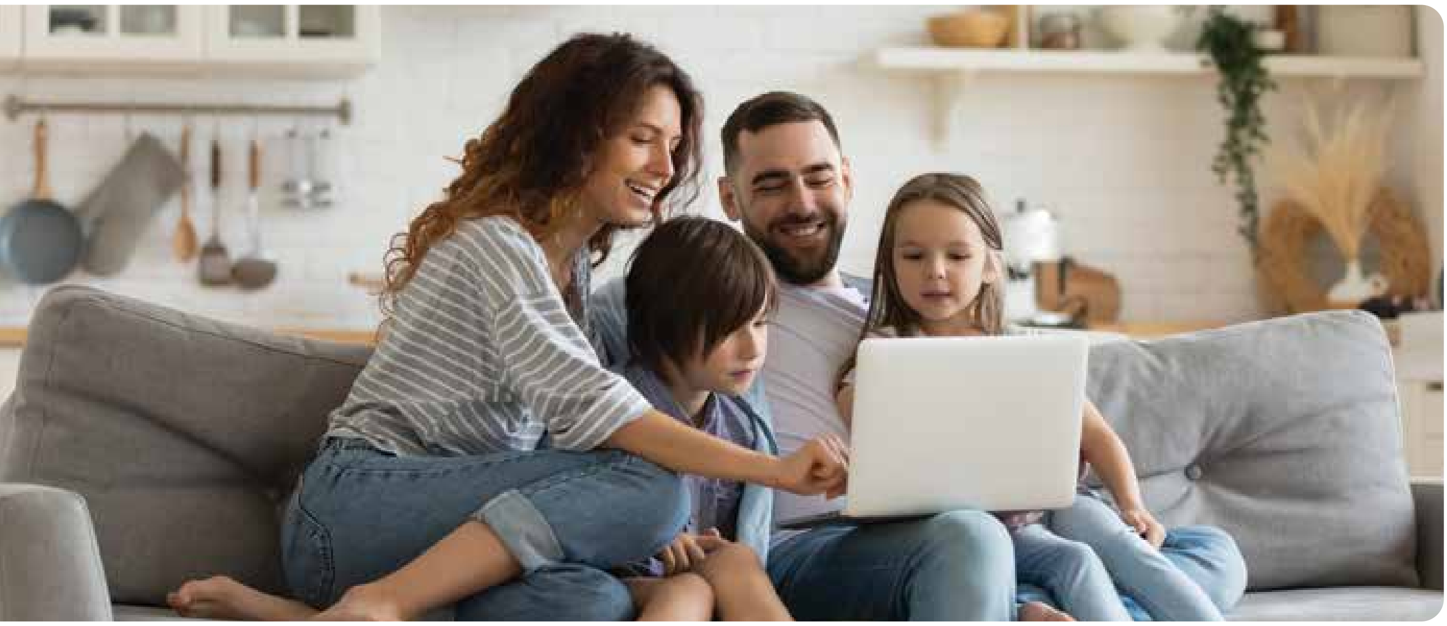
In addition, we are targeting the continued ramp-up of our Resi home loan products by reaching our targeted 10% penetration into the $1bn plus monthly settlements throughout the group.

As has been the case over the past 2 years, we will continue to responsibly manage our monthly profits reduce our external debts, build partnerships for data sharing and concentrate on being the best known independent non-bank lender in the nation.

Regards,

Mark Bouris

Mark Bouris
Executive Chairman



Yellow Brick Road Holdings Limited

ABN 44 119 436 083

Directors' Report and Financial Statements – 30 June 2021

Yellow Brick Road Holdings Limited
Contents
30 June 2021

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 27 August 2021. The directors have the power to amend and reissue the financial statements.

Yellow Brick Road Holdings Limited
Corporate directory
30 June 2021

Directors	Mark Bouris (Chairman) Adrian Bouris John George
Company secretary	Sean Preece
Registered office and principal place of business	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	Yellow Brick Road Holdings Limited and the Board of Directors are committed to achieving and demonstrating the highest standards of corporate governance. Yellow Brick Road Holdings Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th Edition) published by the ASX Corporate Governance Council. Details of the corporate governance report is available on the consolidated entity website at https://www.ybr.com.au/investor-centre/corporate-governance-1

Yellow Brick Road Holdings Limited
Directors' report
30 June 2021

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 2021.

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 statutory loss for the consolidated entity after providing for income tax amounted to $460,000 (30 June 2020: profit of $5,957,000). During the previous financial year, the consolidated entity sold its 50% equity interest in Smarter Money Investment Pty Ltd ('SMI') which resulted in a net gain on disposal of $6,952,000 recorded in the statement of profit or loss. In addition, in the previous financial year, the consolidated entity sold its wealth business for a net gain on disposal of $225,000.

The cash profit before tax (excluding the impact of the present value of expected future net trail commissions) for the consolidated entity was $4,791,000 (30 June 2020: $9,246,000).

During the current financial year, the consolidated entity sold its general insurance business for a net gain on disposal of $130,000. When excluding the net gain on disposal of business/investment, the cash profit before tax becomes $4,661,000 (30 June 2020: profit of $2,069,000).

The FY21 result has been impacted by a net loss of $5,225,000 (30 June 2020: net loss of $447,000) relating to the present value of future net trail commissions, which has been driven by a combination of market factors and, in general, lower margins on new settlements. The cash profit before tax is calculated as follows:

	Consolidated	
	2021 $'000	2020 $'000
(Loss)/profit before tax	(434)	8,799
Add: Loss/(gain) on revaluation of net present value of trail commissions	1,463	(2,282)
Add: Loss/(gain) other movements in net present value of trail commissions	3,762	2,729
Cash profit before tax (excluding net present value of trail commissions)	4,791	9,246

The Underlying EBITDA from continuing operations was a profit of $2,893,000 (30 June 2020: profit of $1,949,000). This is calculated as follows:

	Consolidated	
	2021 **$'000**	**2020** **$'000**
(Loss)/profit after income tax	(460)	5,957
Add: Depreciation and amortisation*	244	225
Add: Interest expense**	163	314
Add: Income tax expense	26	2,842
EBITDA	(27)	9,338
Less: Gain on disposal of investments in joint venture	-	(6,952)
Less: Gain on disposal of wealth business	-	(225)
Less: Gain on disposal of general insurance business	(130)	-
Less: Loss/(gain) on revaluation of underlying loan book	1,463	(2,282)
Add: Litigation settlement	-	550
Add: Loss after income tax expense from discontinued operations	3	1,021
Add: Non-recurring legal expenses	593	204
Add: Share of net loss from joint venture	991	295
Underlying EBITDA from continuing operations	2,893	1,949

* 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 consolidated entity's result were:
- Statutory revenue from continuing operations decreased by 9.2% to $147,042,000 (30 June 2020: $161,875,000)
- Receipts from customers (inclusive of GST) increased by 6.0% to $204,059,000 (30 June 2020: $192,428,000)
- Operating expenses reduced by $1.3 million to $36,997,000 (30 June 2020: $38,338,000) despite incurring $593,000 of non-recurring legal expenses
- Cash balances increased by $1.2 million to $12,506,000 (30 June 2020: $11,327,000)
- Borrowings reduced by $1.9 million to $3,300,000 (30 June 2020: $5,200,000)
- Net cash after borrowings increased by $3.1 million to $9,206,000 (30 June 2020: $6,127,000)
- Net tangible assets per ordinary share decreased by 0.55 cents to 12.88 cents (30 June 2020: 13.43 cents). When incorporating the consolidated entity's 50% interest in the Resi Wholesale Funding joint venture, the net tangible assets per ordinary share becomes 15.54 cents (30 June 2020: 16.01 cents)
- Settlements grew by 16.3% to $13,445 million (30 June 2020: $11,565 million)
- Underlying loan book size increased by 2.9% to $51,717 million (30 June 2020: $50,247 million)
- Net present value of underlying loan book decreased by 8.7% to $40.77 million (30 June 2020: $44.64 million)
- Net present value of underlying loan book per ordinary share is 12.6 cents (30 June 2020: 13.8 cents)

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

The impacts of COVID-19 have been successfully managed by ensuring the business and franchisees/licensees remained open and supported the needs of customers. The consolidated entity implemented a range of measures, particularly expense containment, to deal with COVID-19. Other measures continue to be employed including work from home availability for corporate staff, restrictions on the number of staff allowed in company offices based on social distancing guidelines, additional cleaning of offices and reimbursement of seasonal flu vaccines.

Matters subsequent to the end of the financial year
The effects of the Coronavirus (COVID-19) pandemic are ongoing and while it has not had significant consequences on the consolidated entity up to 30 June 2021, it is not practicable to estimate the impact, after the reporting date. During the financial year, the consolidated entity did not receive the Federal Government’s Job Keeper incentive.

The situation continues to evolve and is dependent on measures imposed by the Australian Government and other countries, such as efficiency and availability of Coronavirus vaccines, maintaining social distancing requirements, quarantine, travel restrictions and any prospective economic stimulus. The potential impacts of COVID-19 will continue to be closely monitored, particularly in the context of the Australian residential property markets, home loan credit worthiness and arrears for sectors hit hardest by COVID-19.

On 28 July 2021, the consolidated entity issued 285,714 shares for $Nil consideration to a key management personnel for services rendered in FY 2020. The allotment of shares was approved by the board of directors.

On 1 August 2021, the consolidated entity commenced a new rental lease. As a result, a new right-of-use asset and a lease liability of $3,427,000 have been recognised for the 2022 financial year.

No other matter or circumstance has arisen since 30 June 2021 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 on 24 September 2021.

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 Group.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee. YBR appointed director and chairman 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 firm Standard Edge 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 for the YBR group of companies and its affiliates on 30 August 2019. He joined the consolidated entity in 2012. Sean has over 25 years' experience in financial services having worked in executive roles with groups such as St George Bank, Challenger, IOOF and Ord Minnett and has extensive knowledge and expertise in both wealth and credit services.

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 2021, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Mark Bouris *	9	9	-	-
Adrian Bouris	9	9	7	8
John George	8	9	8	8
Owen Williams **	-	-	8	8

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.
** Owen Williams, former director of the board has remained a member of the Audit and Risk Committee under a Consultancy Agreement with the Group.

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 profit of the consolidated entity and the targets of 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' for further information on the remuneration report.

Use of remuneration consultants
During the financial year ended 30 June 2021, the consolidated entity did not engage the services of independent remuneration experts.

Voting and comments made at the company's 2020 Annual General Meeting ('AGM')
At the 2020 AGM, 97.19% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020.

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 - Chief Financial Officer - with effect from 6 July 2020
- Sean Preece - Chief Risk Officer, Chief Customer Officer and Company Secretary

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2021	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	-	-	-	-	-	-	1,125,000
Other KMP:								
Stephen McKenzie	302,821	40,000	4,168	22,942	1,378	-	-	371,309
Sean Preece	369,200	40,000	6,096	25,000	19,323	-	-	459,619
	1,947,021	80,000	10,264	47,942	20,701	-	-	2,105,928

* The Other KMP bonus payments were cash based and fully paid on 14 October 2020. These were Board approved and reflected the performance of the consolidated entity and individual performance measures.

2020	Short-term benefits Cash salary and fees $	Short-term benefits Bonus * $	Short-term benefits Non-monetary $	Post-employment benefits Super-annuation $	Long-term benefits Long service leave $	Share-based payments Equity-settled shares $	Share-based payments 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

* The Other KMP bonus payments were cash based and fully paid on 22 October 2019. These were Board approved and reflected the performance of the consolidated entity and individual performance measures.
** Includes remuneration for the full year.
*** Includes remuneration from beginning of the year till resignation date.

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

Name	Fixed remuneration 2021	Fixed remuneration 2020	At risk - STI 2021	At risk - STI 2020	At risk - LTI 2021	At risk - LTI 2020
Non-Executive Directors:						
Adrian Bouris	100%	100%	-	-	-	-
John George	100%	100%	-	-	-	-
Executive Directors:						
Mark Bouris	80%	79%	20%	20%	-	1%
Other KMP:						
Stephen McKenzie	89%	100%	11%	-	-	-
Clive Kirkpatrick	-	100%	-	-	-	-
Sean Preece	91%	95%	9%	5%	-	-

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. The Board resolved that annual targets were achieved in both FY20 and FY21, and that no clawback was triggered.

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 2021.

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 2021 is $Nil (30 June 2020: $12,000). 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

* The performance rights for GWH did not vest and all GWH performance rights 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 2021.

Additional information
The earnings of the consolidated entity for the five years to 30 June 2021 are summarised below:

	2021 $'000	2020 $'000	2019 $'000	2018 $'000	2017 $'000
Revenue from ordinary activities	166,127	186,744	211,189	228,720	220,078
Profit/(loss) after income tax	(460)	5,957	(37,394)	(658)	1,035

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

	2021	2020	2019	2018	2017
Share price at financial year end ($)	0.09	0.07	0.07	0.09	0.12
Basic earnings per share (cents per share)	(0.14)	1.91	(13.20)	(0.23)	0.37
Diluted earnings per share (cents per share)	(0.14)	1.91	(13.18)	(0.23)	0.37
Net tangible assets per share (cents per share)	12.88	13.43	12.33	13.36	13.72

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

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 2021 amounted to $Nil (30 June 2020: $12,000). As at 30 June 2021, all 10,000,000 (30 June 2020: 10,000,000) performance rights have lapsed, with no benefit to GWH.

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 2022	92,307

* Performance rights granted to the former Resi Branch owners.

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 2021 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.

Yellow Brick Road Holdings Limited
Directors' report
30 June 2021

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 29 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 29 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.

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

____
Mark Bouris
Executive Chairman

27 August 2021
Sydney

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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 2021, 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 Audit Pty Ltd
Chartered Accountants

M A Adam-Smith
Partner – Audit & Assurance

Sydney, 27 August 2021

Yellow Brick Road Holdings Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	Consolidated 2021 $'000	2020 $'000
Revenue from contracts with customers from continuing operations		148,505	159,593
(Loss)/gain on revaluation of underlying loan book		(1,463)	2,282
Revenue from continuing operations	4	147,042	161,875
Share of losses of joint ventures accounted for using the equity method	13,35	(991)	(283)
Other income		756	147
Interest income		27	44
Discount unwind on trail commission		18,998	19,139
Total revenue and other gains		165,832	180,922
Expenses			
Commissions and consultancy expenses		(129,396)	(139,941)
Employee benefits expense		(9,960)	(10,152)
Depreciation and amortisation expense	5	(1,060)	(1,153)
Impairment of receivables	10	(100)	(335)
Occupancy expenses		(224)	(577)
Other expenses		(8,755)	(8,912)
Finance costs	5	(16,898)	(17,209)
Total expenses		(166,393)	(178,279)
(Loss)/profit from continuing operations		(561)	2,643
Net gain on disposal of investment in joint ventures	7	-	6,952
(Loss)/profit before income tax expense from continuing operations		(561)	9,595
Income tax expense	6	(26)	(2,842)
(Loss)/profit after income tax expense from continuing operations		(587)	6,753
Profit/(loss) after income tax expense from discontinued operations	8	127	(796)
(Loss)/profit after income tax expense for the year attributable to the owners of Yellow Brick Road Holdings Limited		(460)	5,957
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Yellow Brick Road Holdings Limited		(460)	5,957
Total comprehensive income for the year is attributable to:			
Continuing operations		(587)	6,753
Discontinued operations		127	(796)
		(460)	5,957

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 2021

		Cents	Cents
Earnings per share for (loss)/profit from continuing operations attributable to the owners of Yellow Brick Road Holdings Limited			
Basic earnings per share	37	(0.18)	2.17
Diluted earnings per share	37	(0.18)	2.17
Earnings per share for profit/(loss) from discontinued operations attributable to the owners of Yellow Brick Road Holdings Limited			
Basic earnings per share	37	0.04	(0.26)
Diluted earnings per share	37	0.04	(0.26)
Earnings per share for (loss)/profit attributable to the owners of Yellow Brick Road Holdings Limited			
Basic earnings per share	37	(0.14)	1.91
Diluted earnings per share	37	(0.14)	1.91

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 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Assets			
Current assets			
Cash and cash equivalents	9	12,506	11,327
Trade and other receivables	10	20,823	19,311
Contract assets - trail commissions	11	72,089	70,154
Deposits		474	473
Prepayments		1,710	961
		107,602	102,226
Assets of disposal groups classified as held for sale	12	-	128
Total current assets		107,602	102,354
Non-current assets			
Contract assets - trail commissions	11	276,005	302,214
Investments accounted for using the equity method	13	1,554	425
Right-of-use assets	14	203	872
Plant and equipment	15	132	127
Intangibles	16	218	418
Prepayments	32	1,245	1,245
Total non-current assets		279,357	305,301
Total assets		386,959	407,655
Liabilities			
Current liabilities			
Trade and other payables	17	88,484	82,464
Contract liabilities	18	1,948	1,281
Borrowings	19	1,163	1,900
Lease liabilities	20	157	1,221
Provisions	21	1,083	1,206
		92,835	88,072
Liabilities directly associated with assets classified as held for sale	22	-	282
Total current liabilities		92,835	88,354
Non-current liabilities			
Trade and other payables	17	246,709	271,183
Contract liabilities	18	1,200	-
Borrowings	19	2,137	3,300
Lease liabilities	20	72	89
Deferred tax	6	355	329
Provisions	21	136	424
Total non-current liabilities		250,609	275,325
Total liabilities		343,444	363,679
Net assets		43,515	43,976
Equity			
Issued capital	23	112,450	112,457
Reserves	24	2,212	2,206
Accumulated losses		(71,147)	(70,687)
Total equity		43,515	43,976

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 2021

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 23)	2,348	-	-	2,348
Share-based payments (note 24)	-	29	-	29
Balance at 30 June 2020	112,457	2,206	(70,687)	43,976

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2020	112,457	2,206	(70,687)	43,976
Loss after income tax expense for the year	-	-	(460)	(460)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(460)	(460)
Transactions with owners in their capacity as owners:				
Share-based payments (note 24)	-	6	-	6
Share buy back (note 23)	(7)	-	-	(7)
Balance at 30 June 2021	112,450	2,212	(71,147)	43,515

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

Yellow Brick Road Holdings Limited
Statement of cash flows
For the year ended 30 June 2021

	Note	Consolidated 2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		204,059	192,428
Payments to suppliers and employees (inclusive of GST)		(202,916)	(188,366)
Interest received		26	42
Interest and other finance costs paid		(295)	(396)
Net cash from operating activities	36	874	3,708
Cash flows from investing activities			
Payments for purchase of investments	13	(120)	-
Payments for investment in joint venture		-	(720)
Payments for plant and equipment	15	(49)	(138)
Proceeds from disposal of investments	7	2,500	4,586
Proceeds from disposal of business	8	1,109	468
Net cash from investing activities		3,440	4,196
Cash flows from financing activities			
Proceeds from issue of shares	23	-	2,400
Payments for share buy-backs		(7)	-
Share issue transaction costs		-	(144)
Repayment of borrowings	36	(1,900)	(2,000)
Repayment of lease liabilities	36	(1,228)	(890)
Net cash used in financing activities		(3,135)	(634)
Net increase in cash and cash equivalents		1,179	7,270
Cash and cash equivalents at the beginning of the financial year		11,327	4,057
Cash and cash equivalents at the end of the financial year	9	12,506	11,327

The above statement of cash flows 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:

Conceptual Framework for Financial Reporting (Conceptual Framework)
The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

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 33.

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 2021 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.

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.

Note 1. Significant accounting policies (continued)

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 (discontinued operations)
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.

Mortgage broking services - Trail commissions
At the time of loan settlement, trail 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 trail 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 information.

Note 1. Significant accounting policies (continued)

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 trail commission payable to licensees.

The contract assets and trail commission payable 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 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 - Trail commissions (discontinued operations)
At the time of policy inception, trail 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 trail 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 trail commission payable to franchisees.

Subsequent to initial recognition, the carrying amount of the contract assets 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. 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.

Service fees for Resi Wholesale Funding Pty Ltd
Service fees for Resi Wholesale Funding represents back office service fees charged to the joint venture.

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.

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.

Note 1. Significant accounting policies (continued)

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.

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

Note 1. Significant accounting policies (continued)

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 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.

Revenue accrual
Revenue accrual relates to upfront and trail commission receivable, which the consolidated entity is entitled to at the end of the financial year. The cash from this revenue accrual is normally received in the subsequent month.

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, International banks and non bank lenders. 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 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 an arrangement whereby the parties that have joint control and 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.

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	2 - 4 years
Office equipment	4 - 10 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.

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 CGU.

Note 1. Significant accounting policies (continued)

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.

Clawback payables
This amount represents the net expected clawback payable on upfront commissions received by the consolidated entity from the funders after deducting the amount clawed back from the branches/brokers.

Contract liabilities
Contract liabilities represent cash or consideration 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.

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.

Note 1. Significant accounting policies (continued)

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.

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.

Note 1. Significant accounting policies (continued)

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.

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 2021. 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.

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.

Estimation of mortgage trail commissions
The consolidated entity receives trail 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 trail commission payments to franchisees and broker groups based on their loan book balance outstanding. Significant assumptions used in the valuation are listed below.

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

	30 June 2021	30 June 2020
Weighted average loan life	4.2 years	4.8 years
Discount rate per annum	between 4.3% and 12.5%	between 5% and 12.5%
Weighted percentage paid to franchisees	88%	88%

Discount rates are locked in with each tranche of loans. Once set, for a given 12 month tranche of loans, the discount rate does not change. The derived discount rate is a combination of the risk free rate (measured by the yield on a five year Commonwealth Government Bond), default risk spread, run off risk spread and model risk.

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.

Estimation of revenue from the joint venture
As a result of the consolidated entity's investment in Resi Wholesale Funding (joint venture), a corresponding contract liability was created. This liability is treated as unearned revenue to be recognised over a five year period for back office services provided to the joint venture. The period will be reviewed annually.

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 10, 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.

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.

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

Clawback
A clawback on the upfront commission received from funders is incurred when a loan is discharged within the first 3 years of a loan settling. The liability represents the net expected clawback payable on upfront commissions received by the consolidated entity from the funders. The key assumption is that the value of clawed-back commissions range between 25% and 100% of the upfront commissions on originated loan over a period of 0 to 36 months from the date of loan inception. The clawback period of 36 months is then divided into 4 tranches of 6 months each and the last 12 months comprising a single tranche. A rate of discharge is applied to each of the tranches. Currently the rates of discharge applied to the individual tranches are between 2% to 32%. The key assumptions that underpin this liability estimation are reviewed annually.

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
After the disposal of its Wealth Management operations in May 2019, the consolidated entity is now organised into one operating segment operated predominantly in Australia being ‘Lending’, which includes the rendering of mortgage broking services and aggregation and management services. This assessment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. Accordingly, the information provided in this Annual Report reflects the one operating segment.

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

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

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

Major customers
During the financial year ended 30 June 2021 the consolidated entity had four major customers that contributed $85,862,000 to the total consolidated entity’s revenue: $25,948,000 (17.7%); $24,479,000 (16.7%); $21,093,000 (14.4%) and $14,343,000 (9.8%). In FY20, four major customers contributed $85,311,000: $27,932,000 (17.1%); $21,233,000 (13.0%); $20,610,000 (12.6%) and $15,536,000 (9.5%) respectively of the total consolidated entity’s revenue. Revenue from all these four major customers were part of the lending division.

Note 4. Revenue from contracts with customers

	Consolidated	
	2021	**2020**
	$'000	**$'000**
From continuing operations		
Lending	147,042	161,875

Note 4. Revenue from contracts with customers (continued)

Disaggregation of revenue

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

	Consolidated 2021 $'000	Consolidated 2020 $'000
Major product lines		
Mortgage broking services - origination commissions	85,141	67,577
Mortgage broking services - trail commissions	51,186	84,186
Mortgage broking services - professional fees and services	7,736	8,067
Sponsorship revenue	2,196	1,663
Service fees for Resi Wholesale Funding	400	-
Mortgage management fees	383	382
Total revenue from contracts from continuing operations	147,042	161,875
From discontinued operations:		
Investment and wealth management services	28	2,402
Life Insurance broking services - upfront	9	937
Life Insurance broking services - trail	26	1,436
General Insurance Services - upfront	2	132
General Insurance Services - renewal commission	(7)	676
Investment services	-	92
Professional and service fees	2	11
Total revenue from contracts from discontinued operations (note 8)	60	5,686
	147,102	167,561
Geographical regions		
Australia under continued operations	147,042	161,875
Australia under discontinued operations (note 8)	60	5,686
	147,102	167,561
Timing of revenue recognition		
Services transferred at a point in time under continued operations	146,259	161,493
Services transferred over time under continued operations	783	382
Services transferred at a point in time under discontinued operations (note 8)	60	5,686
	147,102	167,561

Note 5. Expenses

	Consolidated	
	2021	**2020**
	$'000	**$'000**
(Loss)/profit before income tax from continuing operations includes the following specific expenses:		
Depreciation		
Leasehold improvements	3	2
Office equipment	41	23
Right-of-use assets	816	928
Total depreciation	860	953
Amortisation		
Software	200	200
Total depreciation and amortisation	1,060	1,153
Finance costs		
Interest and finance charges paid/payable on borrowings	163	314
Interest and finance charges paid/payable on lease liabilities	32	82
Discount unwind on trail commission payments	16,703	16,813
Finance costs expensed	16,898	17,209
Marketing expenses	1,480	1,765
Consultancy expenses	1,418	1,645
Performance rights expense	6	29
Defined contribution superannuation expense	733	722

Note 6. Income tax

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Income tax expense		
Deferred tax - origination and reversal of temporary differences	26	2,798
Adjustment recognised for prior periods	-	44
Aggregate income tax expense	26	2,842
Deferred tax included in income tax expense comprises:		
Increase in deferred tax liabilities	26	2,798
Numerical reconciliation of income tax expense and tax at the statutory rate		
(Loss)/profit before income tax expense from continuing operations	(561)	9,595
Profit/(loss) before income tax expense from discontinued operations	127	(796)
	(434)	8,799
Tax at the statutory tax rate of 30%	(130)	2,640
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	17	20
Share-based payments	2	23
Other adjustments	137	115
	26	2,798
Adjustment recognised for prior periods	-	44
Income tax expense	26	2,842

Note 6. Income tax (continued)

	Consolidated 2021 $'000	Consolidated 2020 $'000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	(9,387)	(9,960)
Allowance for expected credit losses	(127)	(135)
Contract liabilities	(944)	(384)
Employee benefits	(360)	(395)
Provision for lease make good	-	(74)
Clawback payables	(141)	(168)
Accrued expenses	(413)	(779)
Plant and equipment and intangible assets	(547)	(1,056)
Prepayments	(16)	(111)
Net deferred trail income/commissions	12,232	13,391
Right-of-use assets and lease liabilities	(8)	-
Others	66	-
Deferred tax liability	355	329
Movements:		
Opening balance	329	(2,469)
Charged to profit or loss	26	2,798
Closing balance	355	329

Note 7. Net gain on disposal of investments in joint ventures

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 effective date on 1 July 2019.

The first tranche of $5,000,000 was received on 12 July 2019. Since the end of the prior financial year, the second tranche of $2,000,000 was received on 12 July 2020. The final tranche of $500,000 was received on 16 December 2020.

Net gain on disposal of SMI amounting to $6,952,000 (net of disposal costs) was included in the statement of profit or loss as at 30 June 2020.

Note 8. 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 then 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, $479,000 on 1 October 2020, $479,000 on 31 March 2021 with the final instalment due on 30 September 2021. The net gain on disposal of the wealth business amounting to $225,000 (net of disposal costs) was included in profit or loss as at 30 June 2020.

Note 8. Discontinued operations (continued)

The consolidated entity entered into a sale agreement and strategic alliance with Steadfast Group Limited (ASX: SDF) in relation to the head office operational and business functions that comprise its general insurance business. The total consideration for the sale was $150,000, of which the company received the full amount in August 2020. The net gain on disposal of the general insurance business amounting to $130,000 (net of disposal costs) is included in profit or loss as at 30 June 2021.

Particulars of sale of general insurance business:

	Consolidated 2021 $'000
Sale consideration	150
Costs directly associated with sale	(20)
Profit on sale	130

Financial performance information

	Consolidated	
	2021 $'000	**2020 $'000**
Revenue		
Wealth management (note 4)	60	5,686
Expenses		
Commissions and consultancy expenses	(20)	(4,280)
Employee benefits expense	(5)	(914)
Other expenses	(38)	(1,513)
Total expenses	(63)	(6,707)
Loss before income tax expense	(3)	(1,021)
Income tax expense	-	-
Loss after income tax expense	(3)	(1,021)
Gain on disposal of wealth business before income tax	-	225
Gain on disposal of general insurance business before income tax	130	-
Income tax expense	-	-
Gain on disposal after income tax expense	130	225
Profit/(loss) after income tax expense from discontinued operations	127	(796)

Cash flow information

	Consolidated	
	2021 $'000	**2020 $'000**
Net cash used in operating activities	(106)	(1,567)

Refer to note 12 and note 22 for further information on the assets of disposal groups classified as held for sale and liabilities directly associated with assets classified as held for sale.

Note 9. Cash and cash equivalents

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current assets		
Cash at bank	9,971	8,811
Term deposit	2,535	2,516
	12,506	11,327

Note 10. Trade and other receivables

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current assets		
Trade receivables	1,087	661
Less: Allowance for expected credit losses	(423)	(428)
	664	233
Other receivables	754	4,293
Revenue accrual	19,405	14,785
	20,159	19,078
	20,823	19,311

Allowance for expected credit losses
The consolidated entity has recognised a loss of $100,000 (30 June 2020: $335,000) in respect of the expected credit losses for the year ended 30 June 2021.

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	**2021 %**	**2020 %**	**2021 $'000**	**2020 $'000**	**2021 $'000**	**2020 $'000**
Not overdue	1%	41%	209	43	2	18
0 to 3 months overdue	2%	65%	385	85	7	55
3 to 6 months overdue	37%	35%	56	237	21	83
Over 6 months overdue	90%	92%	437	296	393	272
			1,087	661	423	428

Note 10. Trade and other receivables (continued)

The consolidated entity has increased its monitoring of debt recovery due to the Coronavirus (COVID-19) pandemic, and due to the controls in place has been able to increase the collection of receivables and stabilise the value of receivable impairments. As a result, the calculation of expected credit losses have been reviewed and rates have been revised in each category.

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

	Consolidated	
	2021 $'000	2020 $'000
Opening balance	428	444
Additional provisions recognised	100	335
Receivables written off during the year as uncollectable	(105)	(351)
Closing balance	423	428

Note 11. Contract assets - trail commissions

	Consolidated	
	2021 $'000	2020 $'000
Current assets		
Contract assets	72,089	70,154
Non-current assets		
Contract assets	276,005	302,214
	348,094	372,368

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

	2021 $'000	2020 $'000
Opening balance	372,368	359,236
Additions - new settlements	101,128	90,346
Run offs	(125,402)	(77,214)
Closing balance	348,094	372,368

Contract assets are revalued using new assumptions for the current financial year, including changes to the run-off rate, discount rate, and margin mix. Portfolio run-off includes normal payments, prepayments and discharges. Loan life and other assumptions used are detailed in note 2.

Note 12. Assets of disposal groups classified as held for sale

The trade and other receivables were collected during the period hence there were no assets at the date of the sale.

Refer to note 8 for further information on discontinued operations.

	Consolidated	
	2021 $'000	2020 $'000
Current assets		
Trade and other receivables	-	128

Note 13. Investments accounted for using the equity method

	Consolidated 2021 $'000	Consolidated 2020 $'000
Non-current assets		
Investment in joint venture Resi Wholesale Funding	1,554	425

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

	2021 $'000	2020 $'000
Opening carrying amount	425	-
Additions	2,120	720
Loss after income tax	(991)	(295)
Closing carrying amount	1,554	425

The consolidated entity's 50% share of the net tangible assets of the joint venture is $8,629,000 as at 30 June 2021 (30 June 2020: $8,346,000) which is not reflected in the carrying value above.

Refer to note 35 for further information on interests in joint ventures.

Note 14. Right-of-use assets

	Consolidated 2021 $'000	Consolidated 2020 $'000
Non-current assets		
Right-of-use assets	1,947	1,800
Less: Accumulated depreciation	(1,744)	(928)
	203	872

The consolidated entity leases land and buildings for its offices under agreements expiring between 1 to 3 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 2020	846	26	872
Additions	99	56	155
Disposals	-	(8)	(8)
Depreciation expense	(790)	(26)	(816)
Balance at 30 June 2021	155	48	203

For other right-of-use related disclosures, refer to the following:
- note 5 for details of depreciation on right-of-use assets and interest on lease liabilities;
- note 20 for lease liabilities at year end;
- note 26 for undiscounted future lease commitments; and
- consolidated statement of cash flows for repayment of lease liabilities.

Note 15. Plant and equipment

	Consolidated 2021 $'000	Consolidated 2020 $'000
Non-current assets		
Leasehold improvements - at cost	1,341	1,333
Less: Accumulated depreciation	(1,148)	(1,145)
Less: Impairment	(184)	(184)
	9	4
Office equipment - at cost	2,705	2,664
Less: Accumulated depreciation	(2,246)	(2,205)
Less: Impairment	(336)	(336)
	123	123
	132	127

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 2019	6	8	14
Additions	-	138	138
Depreciation expense	(2)	(23)	(25)
Balance at 30 June 2020	4	123	127
Additions	8	41	49
Depreciation expense	(3)	(41)	(44)
Balance at 30 June 2021	9	123	132

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Note 16. Intangibles

	Consolidated 2021 $'000	Consolidated 2020 $'000
Non-current assets		
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	6,880
Less: Accumulated amortisation	(3,655)	(3,455)
Less: Impairment	(3,007)	(3,007)
	218	418
Other intangible assets - at cost	1,842	1,842
Less: Accumulated amortisation	(1,173)	(1,173)
Less: Impairment	(669)	(669)
	-	-
	218	418

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

Consolidated	Software $'000
Balance at 1 July 2019	618
Amortisation expense	(200)
Balance at 30 June 2020	418
Amortisation expense	(200)
Balance at 30 June 2021	218

At 30 June 2021, an assessment was made on whether there was any indication that the impairment losses recognised in prior periods for the above assets, other than goodwill, no longer exists or may have decreased. No such indication exists and no reversal of the impairment losses were made.

Note 17. Trade and other payables

	Consolidated	
	2021 $'000	2020 $'000
Current liabilities		
Trade payables	20,267	14,599
Trail commission payables	63,455	60,872
Accrued expenses	1,217	2,488
Clawback payables	159	229
Other payables	3,386	4,276
	88,484	82,464
Non-current liabilities		
Trade payables	2,533	3,993
Trail commission payables	243,866	266,858
Clawback payables	310	332
	246,709	271,183
	335,193	353,647

Refer to note 26 for further information on financial instruments.

Note 18. Contract liabilities

	Consolidated	
	2021 $'000	2020 $'000
Current liabilities		
Sponsorship contract liabilities	1,548	1,281
Service fee for Resi Wholesale Funding contract liabilities	400	-
	1,948	1,281
Non-current liabilities		
Service fee for Resi Wholesale Funding contract liabilities	1,200	-
	3,148	1,281

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

	2021 $'000	2020 $'000
Opening balance	1,281	896
Sponsorship payments received in advance	2,463	2,048
Revenue for services received in advance	2,000	-
Transfer to revenue - included in the opening balance for sponsorship payments	(1,281)	(896)
Transfer to revenue - sponsorship income recognised during FY 2021	(915)	(767)
Transfer to revenue - services for Resi Wholesale Funding recognised during FY 2021	(400)	-
Closing balance	3,148	1,281

Note 18. Contract liabilities (continued)

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, and initial recognition of prepayment received for professional services that will be provided to the Resi Wholesale Funding (joint venture) over the period in which services are expected to be provided.

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 $3,148,000 as at 30 June 2021 ($1,281,000 as at 30 June 2020) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2021 $'000	2020 $'000
Within 6 months	1,748	1,281
Within 12 months	200	-
After 12 months	1,200	-
	3,148	1,281

Note 19. Borrowings

	Consolidated	
	2021 $'000	2020 $'000
Current liabilities		
Bank loans	1,163	1,900
Non-current liabilities		
Bank loans	2,137	3,300
	3,300	5,200

Refer to note 26 for further information on financial instruments.

Total secured liabilities
The total secured liabilities are as follows:

	Consolidated	
	2021 $'000	2020 $'000
Bank loans	3,300	5,200

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.

Note 19. Borrowings (continued)

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

	Consolidated 2021 $'000	Consolidated 2020 $'000
Total facilities		
Bank loans	5,300	5,200
Other loans	-	500
	5,300	5,700
Used at the reporting date		
Bank loans	3,300	5,200
Other loans	-	-
	3,300	5,200
Unused at the reporting date		
Bank loans	2,000	-
Other loans	-	500
	2,000	500

Note 20. Lease liabilities

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current liabilities		
Lease liability	157	1,221
Non-current liabilities		
Lease liability	72	89
	229	1,310

Refer to note 26 for further information on the maturity analysis of lease liabilities.

Note 21. Provisions

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current liabilities		
Employee benefits	990	1,071
Client remediation provision	93	135
	1,083	1,206
Non-current liabilities		
Employee benefits	136	178
Lease make-good	-	246
	136	424
	1,219	1,630

Note 21. Provisions (continued)

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. This provision has been reversed out in the current financial year as the consolidated entity has entered into a new agreement and as a result there is no obligation to return the premises to its original state.

Client remediation provision
During the previous year it was identified that a number of investment and wealth management clients may not have received a Fee Disclosure Statement or a Renewal Notice within the time limits prescribed by the Corporations Act. The consolidated entity has raised a provision which is not material in nature, to cover instances of financial compensation. It is noted that investment and wealth management services are discontinued operations of the consolidated entity.

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

Consolidated - 2021	Lease make-good $'000	Client remediation provision $'000
Carrying amount at the start of the year	246	135
Amounts used	-	(42)
Reversal of excess provision	(246)	-
Carrying amount at the end of the year	-	93

Note 22. Liabilities directly associated with assets classified as held for sale

The trade and other payables and underwriter payables were paid during the period hence there were no liabilities at the date of the sale.

Refer to note 8 for further information on discontinued operations.

	Consolidated	
	2021 $'000	**2020 $'000**
Current liabilities		
Trade and other payables	-	43
Underwriter payables	-	239
	-	282

Note 23. Issued capital

	Consolidated			
	2021 Shares	**2020 Shares**	**2021 $'000**	**2020 $'000**
Ordinary shares - fully paid	324,277,552	324,371,884	112,450	112,457

Note 23. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 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
Share buy back	15 October 2020	(94,332)	$0.08	(7)
Balance	30 June 2021	324,277,552		112,450

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and any proceeds attributable to shareholders should the company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. 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 was a current on-market share buy-back of 94,332 shares during the year.

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.

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 2020 Annual Report.

Note 24. Reserves

	Consolidated 2021 $'000	Consolidated 2020 $'000
Share-based payments reserve	2,107	2,101
Fair value reserve	105	105
	2,212	2,206

Note 24. Reserves (continued)

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	Fair value $'000	Total $'000
Balance at 1 July 2019	2,072	105	2,177
Performance rights net movement	29	-	29
Balance at 30 June 2020	2,101	105	2,206
Performance rights net movement	6	-	6
Balance at 30 June 2021	2,107	105	2,212

Note 25. Dividends

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

Note 26. 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.

Note 26. Financial instruments (continued)

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

Consolidated	2021 Weighted average interest rate %	2021 Balance $'000	2020 Weighted average interest rate %	2020 Balance $'000
Cash and cash equivalents	0.06%	9,971	0.45%	8,811
Term deposits	0.85%	2,535	1.19%	2,516
Loans	5.47%	(3,300)	4.37%	(5,200)
Net exposure to cash flow interest rate risk		9,206		6,127

An official increase/(decrease) in interest rates of 100 (30 June 2020: 100) basis points would have a favourable/unfavourable effect on profit before tax of $92,000 (30 June 2020: $61,000) per annum and favourable/unfavourable effect on equity of $64,000 (30 June 2020: $43,000) 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 10, due to the Coronavirus (COVID-19) pandemic, the calculation of expected credit losses has been revised as at 30 June 2021.

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, 55.54% (30 June 2020: 55.12%) 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.

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Note 26. Financial instruments (continued)

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 2021 $'000	2020 $'000
Bank loans	2,000	-
Other loans	-	500
	2,000	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 - 2021	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	-	20,267	2,533	-	-	22,800
Other payables	-	3,386	-	-	-	3,386
Trail commission payables	-	76,994	63,100	123,944	101,279	365,317
Interest-bearing - variable						
Bank loans	5.47%	1,163	950	1,187	-	3,300
Interest-bearing - fixed rate						
Lease liability	-	162	61	12	-	235
Total non-derivatives		101,972	66,644	125,143	101,279	395,038

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

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.

Note 26. Financial instruments (continued)

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

Note 27. Fair value measurement

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.

At 30 June 2021 and 30 June 2020: There were no assets or liabilities accounted at fair value.

Note 28. 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	
	2021	**2020**
	$	**$**
Short-term employee benefits	2,037,285	2,135,493
Post-employment benefits	47,942	69,619
Long-term benefits	20,701	15,475
Share-based payments	-	11,667
	2,105,928	2,232,254

Note 29. 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	
	2021	**2020**
	$	**$**
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	171,250	204,527
Other services - Grant Thornton Audit Pty Ltd		
Taxation services	42,766	41,142
	214,016	245,669
Audit services - unrelated firms		
Audit or review of the financial statements for Exchange IQ Advisory Group Pty Ltd	3,500	9,500

Note 30. Contingent liabilities

The consolidated entity has provided bank guarantees as at 30 June 2021 of $1,085,000 (30 June 2020: $1,104,000).

There are outstanding legal actions between the company and its controlled entities and third parties as at 30 June 2021. The consolidated entity has notified its insurance carrier of all relevant litigation and believes that any damages (other than exemplary damages) that may be awarded against the consolidated entity, in addition to its costs incurred in connection with the actions, will be covered by its insurance policies where such policies are in place. Where there are no policies in place, provisions are made for known obligations where the existence of a liability is probable and can be reasonably quantified. As the outcomes of these actions remain uncertain, contingent liabilities exist for possible amounts eventually payable that are in excess of the amounts covered for by the insurance policies in place or of the amounts provided for.

Note 31. Commitments

	Consolidated	
	2021 $'000	2020 $'000
Advertising commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
One to five years	13,697	13,697

Note 32. Related party transactions

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

Subsidiaries
Interests in subsidiaries are set out in note 34.

Joint ventures
Interests in joint ventures are set out in note 35.

Key management personnel
Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

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

	Consolidated	
	2021 $	2020 $
Sale of goods and services:		
Sales to parties related to Resi Wholesale Funding Pty Limited (a joint venture entity) for lending services	1,036,783	20,505
Sales to parties related to Resi Wholesale Funding Pty Limited (a joint venture entity) for corporate back office services	400,000	-
Sales to parties related to Adrian Bouris for lending services	-	182
Expensed during the year:		
Payment for consultancy services from Golden Wealth Holdings Pty Ltd (director-related entity of Mark Bouris) (a)	1,125,000	1,125,000
Purchases of services from Chifley Travel (director-related entity of Adrian Bouris) (b)	2,660	11,014
Purchases of services from BBB Capital Pty Limited (director-related entity of Adrian Bouris) - Corporate finance services (c)	170,000	1,282,000
Purchases of advertising services from the Nine Entertainment Group (shareholder-related entity)	168,500	-

Note 32. Related party transactions (continued)

(a) Consulting services per consultancy service agreement.
(b) Travel and accommodation costs of $2,365 (30 June 2020: $135,834) were booked through Chifley Travel and incurred service fees of $295 (30 June 2020: $11,014).
(c) 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.

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

	Consolidated	
	2021	**2020**
	$	**$**
Current receivables:		
Sale of lending services receivables and other receivables from Resi Wholesale Funding Pty Limited (a joint venture entity) (a)	57,411	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
Corporate finance services payable to BBB Capital Pty Ltd (director-related entity of Adrian Bouris) (d)	27,500	330,000
Marketing expense payable to Nine Entertainment Group	606,600	-
Corporate back office services payable to Resi Wholesale Funding (e)	400,000	-
Non-current payables:		
Marketing and interest expenses payable to Nine Entertainment Group (shareholder-related entity)	2,532,578	3,992,578
Corporate back office services payable to Resi Wholesale Funding (e)	1,200,000	-

(a) $15,255 (30 June 2020: $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 (30 June 2020: $Nil) was used during the year ended 30 June 2021, leaving an unused balance of non-current prepayment of $1,244,852 (30 June 2020: $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.
(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.
(e) Represents the cost of back office support services provided to Resi Wholesale Funding. The consideration for this services has been received in the form of equity in the joint venture.

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 33. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2021 $'000	2020 $'000
(Loss)/profit after income tax	(727)	4,687
Total comprehensive income	(727)	4,687

Statement of financial position

	Parent	
	2021 $'000	2020 $'000
Total current assets	75,381	66,443
Total assets	105,032	106,655
Total current liabilities	2,531	1,528
Total liabilities	7,200	8,095
Equity		
Issued capital	112,588	112,595
Share-based payments reserve	1,538	1,532
Accumulated losses	(16,294)	(15,567)
Total equity	97,832	98,560

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 2021 and 30 June 2020 other than the cross guarantees and security arrangements associated with the bank loan facilities.

Contingent liabilities
The parent entity has been provided with bank guarantees for the benefit of external parties, as at 30 June 2021 of $1,085,000 (30 June 2020: $1,104,000).

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Commitments
The parent entity has a bank borrowing of $3,300,000 as at 30 June 2021 and advertising commitments as follows:

	Parent	
	2021 $'000	2020 $'000
Committed at the reporting date but not recognised as liabilities, payable:		
One to five years	13,697	13,697

Note 33. Parent entity information (continued)

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 34. 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 2021 %	Ownership interest 2020 %
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%
ExchangeIQ Advisory Group 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%
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%

* formerly known as Yellow Brick Road Investment Services Pty Ltd

Note 35. 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 2021 %**	**Ownership interest 2020 %**
Resi Wholesale Funding Pty Limited	Australia	50.00%	50.00%

Summarised financial information

	Resi Wholesale 2021 $'000	**Resi Wholesale 2020 $'000**
Summarised statement of financial position		
Cash and cash equivalents	8,266	13,023
Trade and other receivables	682	88
Other assets	9,525	4,295
Total assets	18,473	17,406
Trade and other payables	100	24
Other liabilities	1,036	63
Total liabilities	1,136	87
Net assets	17,337	17,319
Summarised statement of profit or loss and other comprehensive income		
Revenue	35	24
Interest revenue	730	-
Expenses	(1,989)	(456)
Loss before income tax	(1,224)	(432)
Other comprehensive income	(759)	(158)
Total comprehensive income	(1,983)	(590)
Reconciliation of the consolidated entity's carrying amount		
Opening carrying amount	425	-
Share of loss after income tax	(991)	(295)
Share of profit from Smarter Money Investments ('SMI') after income tax	-	12
Additions during the year	2,120	720
Impairment of value on SMI	-	(12)
Closing carrying amount	1,554	425

Contingent liabilities
Contingent liabilities as at 30 June 2021 $Nil (30 June 2020: $Nil)

Commitments
Share of commitments but not recognised as liability as at 30 June 2021 $Nil (30 June 2020: $Nil).

Note 36. Cash flow information

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

	Consolidated 2021 $'000	Consolidated 2020 $'000
(Loss)/profit after income tax expense for the year	(460)	5,957
Adjustments for:		
Depreciation and amortisation	1,060	1,153
Share-based payments	(6)	48
Share of loss - joint ventures (Resi Wholesale Funding)	991	295
Movement in share capital and share reserve	-	29
Net change on the present value of trail commissions	3,865	423
Gain on sale of Smarter Money, wealth and general insurance business	(130)	(7,177)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(4,892)	1,549
Decrease/(increase) in prepayments	(750)	297
Decrease in other operating assets	-	6
Increase/(decrease) in trade and other payables	2,938	(257)
Increase in deferred tax liabilities	26	2,798
Decrease in employee benefits	(117)	(412)
Decrease in other operating liabilities	(1,651)	(1,001)
Net cash from operating activities	874	3,708

Changes in liabilities arising from financing activities

Consolidated	Bank loans $'000	Lease liabilities $'000	Total $'000
Balance at 1 July 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
Net cash used in financing activities	(1,900)	(1,228)	(3,128)
Acquisition of leases	-	147	147
Balance at 30 June 2021	3,300	229	3,529

Note 37. Earnings per share

	Consolidated 2021 $'000	Consolidated 2020 $'000
Earnings per share for (loss)/profit from continuing operations		
(Loss)/profit after income tax attributable to the owners of Yellow Brick Road Holdings Limited	(587)	6,753

Note 37. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	324,304,947	311,158,113
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	-	535,573
Weighted average number of ordinary shares used in calculating diluted earnings per share	324,304,947	311,693,686

	Cents	Cents
Basic earnings per share	(0.18)	2.17
Diluted earnings per share	(0.18)	2.17

	Consolidated	
	2021 $'000	2020 $'000
Earnings per share for profit/(loss) from discontinued operations		
Profit/(loss) after income tax attributable to the owners of Yellow Brick Road Holdings Limited	127	(796)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	324,304,947	311,158,113
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	92,307	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	324,397,254	311,158,113

	Cents	Cents
Basic earnings per share	0.04	(0.26)
Diluted earnings per share	0.04	(0.26)

	Consolidated	
	2021 $'000	2020 $'000
Earnings per share for (loss)/profit		
(Loss)/profit after income tax attributable to the owners of Yellow Brick Road Holdings Limited	(460)	5,957

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	324,304,947	311,158,113
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	-	535,573
Weighted average number of ordinary shares used in calculating diluted earnings per share	324,304,947	311,693,686

	Cents	Cents
Basic earnings per share	(0.14)	1.91
Diluted earnings per share	(0.14)	1.91

Note 37. Earnings per share (continued)

92,307 performance rights over ordinary shares are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2021. These rights could potentially dilute basic earnings per share in the future.

Note 38. Share-based payments

Golden Wealth Holdings Pty Ltd
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 2021 amounted to $Nil (30 June 2020: $12,000). As at 30 June 2021, all 10,000,000 (30 June 2020: 10,000,000) performance rights have lapsed, with no benefit to GWH.

RESI
In addition to the expense for the performance rights to the KMP there is an amount expensed for RESI performance rights which was $6,000 (30 June 2020: $17,000).

Set out below details of the performance rights:

2021

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
29/07/2015	30/11/2019	$0.21	92,307	-	-	(92,307)	-
29/07/2015	27/09/2020	$0.18	168,268	-	-	(168,268)	-
29/07/2015	31/10/2020	$0.18	144,230	-	-	(144,230)	-
29/07/2015	07/02/2021	$0.18	38,461	-	-	(38,461)	-
29/07/2015	30/11/2022	$0.18	92,307	-	-	-	92,307
			535,573	-	-	(443,266)	92,307

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 (30 June 2020: nil). The weighted average remaining contractual life of other performance rights issued, and outstanding at the end of the financial year was 1.42 years (30 June 2020: 0.76 years).

2020 (including GWH)

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
29/07/2015	27/09/2020	$0.18	168,268	-	-	-	168,268
29/07/2015	31/10/2020	$0.18	144,230	-	-	-	144,230
29/07/2015	07/02/2021	$0.18	38,461	-	-	-	38,461
29/07/2015	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.

Note 39. Events after the reporting period

The effects of the Coronavirus (COVID-19) pandemic are ongoing and while it has not had significant consequences on the consolidated entity up to 30 June 2021, it is not practicable to estimate the impact, after the reporting date. During the financial year, the consolidated entity did not receive the Federal Government’s Job Keeper incentive.

Note 39. Events after the reporting period (continued)

The situation continues to evolve and is dependent on measures imposed by the Australian Government and other countries, such as efficiency and availability of Coronavirus vaccines, maintaining social distancing requirements, quarantine, travel restrictions and any prospective economic stimulus. The potential impacts of COVID-19 will continue to be closely monitored, particularly in the context of the Australian residential property markets, home loan credit worthiness and arrears for sectors hit hardest by COVID-19.

On 28 July 2021, the consolidated entity issued 285,714 shares for $Nil consideration to a key management personnel for services rendered in FY 2020. The allotment of shares was approved by the board of directors.

On 1 August 2021, the consolidated entity commenced a new rental lease. As a result, a new right-of-use asset and a lease liability of $3,427,000 have been recognised for the 2022 financial year.

No other matter or circumstance has arisen since 30 June 2021 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 2021

The shareholder information set out below was applicable as at 21 September 2021.

Distribution of equitable securities

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

	Number of holders of ordinary shares
1 - 1,000	236
1,001 - 5,000	460
5,001 - 10,000	238
10,001 - 100,000	486
100,001 and other	167
	1,587
Holding less than a marketable parcel	727

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	18.85
PINK PLATYPUS PTY LIMITED	49,592,858	15.28
GOLDEN WEALTH HOLDINGS PTY LTD	49,453,865	15.24
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	40,000,000	12.32
SANDINI PTY LTD <KARRATHA RIGGING UNIT A/C>	9,900,000	3.05
DMX CAPITAL PARTNERS LIMITED	5,240,839	1.61
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	4,562,753	1.41
ELLISON (WA) PTY LIMITED	4,285,715	1.32
B & R JAMES INVESTMENTS PTY LIMITED <JAMES SUPERANNUATION A/C>	4,000,000	1.23
PROZMART PTY LTD <CHRISTIE FAMILY A/C>	3,517,858	1.08
MR ADRIAN JOHN BOURIS	3,130,400	0.96
V WASP PTY LIMITED <THE PETER JAMES S/BEN'S A/C>	2,946,429	0.91
MR GREGOR JAMES STEVENSON	2,932,969	0.90
DUAL CROWN PTY LTD <THE BOURIS SUPER FUND A/C>	2,317,995	0.71
NATIONAL NOMINEES LIMITED	2,251,234	0.69
CARRIER INTERNATIONAL PTY LTD <KUIPER FAMILY A/C>	2,041,440	0.63
R AND J MCCABE SUPERANNUATION FUND PTY LTD <R AND J MCCABE S/F	2,000,000	0.62
V M NOMINEES PTY LTD	2,000,000	0.62
ONE MANAGED INVT FUNDS LTD <SANDON CAPITAL INV LTD A/C>	1,872,583	0.58
MR DARREN JOHN WILLIAMS	1,854,712	0.57
	255,065,854	**78.59**

Unquoted equity securities

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

Name	Class	Number held
Former RESI branch owners	Performance rights	92,307

Substantial holders

Substantial holders in the company are set out below:

	Number held	Ordinary shares % of total shares issued
SANDON CAPITAL PTY LTD	63,036,787	19.42
GOLDEN WEALTH HOLDINGS PTY LTD	54,028,182	16.65
PINK PLATYPUS PTY LIMITED	49,592,858	15.28
MAGNETAR FINANCIAL LLC	40,000,000	12.32

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 2021

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 2021 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

Mark Bouris
Executive Chairman

27 August 2021
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 2021, 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 2021 and of its performance for the year ended on that date; and

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

Basis for opinion

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

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

Key audit matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Long-term trail commissions (Note1, Note 11 and Note 17)	
At 30 June 2021, the Group recognised contract assets - trail commission receivable of $348.09 million representing the expected value of future trail commission receivable. An associated trail commission payable of $307.32 million was also recognised representing the net present value of future trail commission payable by the Group. The value of the trail commission has been determined by management and the Board with reference to an external expert valuation based on underlying data and information provided by management. This area is a key audit matter due to significant management judgement applied in respect to key inputs, including loan book run off rates, discount rate applied to loans settled in the current year, commission rates paid by the Group as well as the valuation methodology. Management and the Board continued to challenge the assumptions and inputs in the valuation due to continued uncertainties as a result of COVID-19.	Our procedures included, amongst others: • evaluating the qualifications and expertise of management's external valuation expert in order to assess their professional competence and capabilities as they relate to the work undertaken; • obtaining the external expert's valuation report and assessing findings including assessing the completeness and accuracy of the data used to develop the report; • challenging the reasonableness of key assumptions/ inputs in the valuation of contract asset - trail commission and trail commission payable by comparing to historical internal information and industry available market data; • assessing management's scenario analysis performed on the key assumptions; • assessing the recoverability of contract assets – trail commission including the application of the impairment provisions to the amounts recognised; and • considering the appropriateness and adequacy of the related disclosures in the financial statements.
Revenue from contracts with customers (Note 1, Note 4, Note 8 and Note 10)	
Revenue totalled $147.10 million ($147.04 million continuing operations and $0.06 million discontinued operations) for the year ending 30 June 2021 and is the largest item in the statement of profit or loss and other comprehensive income. The process to measure the amount of revenue to recognise in the financial statements, including the determination of the appropriate timing of recognition, involves significant management judgement. 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: • assessing the revenue recognition policies for appropriateness and consistency with the prior year and applicable accounting standards; • 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; • agreeing revenue accrued at 30 June 2021 to subsequent receipts in bank statements; and • considering the appropriateness and adequacy of the related disclosures in the financial statements.

Grant Thornton

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

Our opinion on the financial report does not cover the other information and 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: https://www.auasb.gov.au/auditors_responsibilites/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 11 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Yellow Brick Road Holdings Limited for the year ended 30 June 2021 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 Audit Pty Ltd
Chartered Accountants

M A Adam-Smith
Partner – Audit & Assurance

Sydney, 27 August 2021

Notes

Notes

YellowBrickRoad
Home Loans

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