YellowBrickRoad
Home Loans

29 August 2023

Lodged by ASX Online

The Manager
Company Announcements Office
ASX Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

Appendix 4E Preliminary Final Report for the year ended 30 June 2023

Yellow Brick Road Holdings Limited ("**YBR**") hereby provides its Appendix 4E, Audited Financial Report and Directors' Report for the year ended 30 June 2023, lodged under listing rule 4.3A.

Key features of the result are:

- Revenue from contracts and customers (excluding trail commission NPV movements) was relatively stable at $214.3 million
- Underlying EBITDA: profit of $0.4 million
- Profit before tax (excluding NPV of net trail commissions): $0.6m
- Cash balances at 30 June 2023: $8.1 million
- Borrowings have reduced to $1.2 million (30 June 2022: $2.1 million)
- 7.4% reduction in settlements to $19.4 billion with result 48% ahead of FY21
- 7.2% increase in underlying loan book to $62.0 billion
- Net tangible assets per ordinary share (incorporating the 50% interest in the Resi Wholesale Funding joint venture): 13.03 cents
- After tax loss: $3.5 million including a loss of $5.7m in relation to the NPV of net trail commissions.

Yours faithfully,

YELLOW BRICK ROAD HOLDINGS LIMITED

Stephen McKenzie
Company Secretary, Group Executive and CFO

Yellow Brick Road Holdings Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Yellow Brick Road Holdings Limited
ABN:	44 119 436 083
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

2. Results for announcement to the market

				$'000
Revenues from ordinary activities (including trail NPV movements)	down	39.5%	to	185,729
Revenues from contracts with customers (including trail NPV movements)	down	43.1%	to	163,772
Revenues from contracts with customers (excluding trail PV movements)	down	3.6%	to	214,329
Underlying EBITDA	down	56.5%	to	436
Profit before tax (excluding movement in net present value of trail commissions)	down	46.5%	to	635
Loss from ordinary activities after tax attributable to the owners of Yellow Brick Road Holdings Limited	up	43.6%	to	(3,530)

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

Comments
The statutory loss for the consolidated entity after providing for income tax amounted to $3,530,000 (30 June 2022: $2,459,000), however, the profit before tax (excluding movement in net present value of trail commissions) for the consolidated entity was $635,000 (30 June 2022: $1,188,000).

The FY23 result has been affected by market factors including:
- a 4.00% increase in interest rates above the previous record low Covid-period of 0.10%;
- a softening in property pricing and sales activity flowing through to lower home loan settlements;
- intense competition in mortgage pricing and cash-back offers;
- a major increase in refinancing to unprecedented levels;
- a shift in mix to major banks away from non-banks lenders; and
- persistently high run-off rates, which have not yet returned to pre-Covid levels as previously expected.

These factors have led to a decision to change our underlying assumptions around forward-looking run-off rates in order to determine the net present value of our future trail commissions, resulting in a write-down of additional $4,334,000 (30 June 2022: $1,460,000) of net present value of trail commission assets.

The FY23 valuation uses the previous 4-year average run-off experience which factors in high levels of run-off during FY21 and FY22. The assumption change reflects the view that run-off rates may continue to be at higher levels than those experienced in the pre-Covid period. In contrast, the FY22 valuation reflected a view that run-off rates would revert to normalised pre-Covid levels soon. Generally, in the past, run-off rates decrease as interest rates increase. Whilst FY23 experienced some moderation in run-off, the high level of loan refinances driven by aggressive pricing and cash-backs saw rates above those assumed levels.

The impact of the revaluation not only has resulted in a revaluation loss in FY23 but also significant fluctuations in statutory (but non-cash) commission revenue and expense balances.

The effect of the revaluation and other movements is shown in the table below:

	Consolidated	
	2023	**2022**
	$'000	**$'000**
Loss before tax	(5,026)	(2,546)
Loss on revaluation of net present value of trail commissions	4,334	1,460
Loss on other movements in net present value of trail commissions	1,327	2,274
Net loss related to the net present value of trail commissions	5,661	3,734
Profit before tax (excluding movement in net present value of trail commissions)	635	1,188

The directors consider Underlying Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') to reflect the core earnings of the consolidated entity. Underlying EBITDA is not a financial measure prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and significant items. The consolidated entity's reconciliation of its statutory net loss after tax for the current and previous year to Underlying EBITDA is as follows:

	Consolidated	
	2023	**2022**
	$'000	**$'000**
Loss after income tax	(3,530)	(2,459)
Add: Depreciation and amortisation*	141	273
Add: Interest expense**	313	248
Less: Income tax benefit	(1,496)	(87)
EBITDA	(4,572)	(2,025)
Add: Loss on revaluation of underlying loan book	4,334	1,460
Add: Legacy and discontinued business legal/settlement expenses	366	798
Add: Expenses in relation to the group restructure	78	-
Less: Service charges (equity-accounted) for Resi Wholesale Funding	(400)	(400)
Add: Share of net loss from joint venture	630	1,169
Underlying EBITDA	436	1,002

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

Key features of the consolidated entity's result were:

- Statutory revenue (after net present value movements) decreased by 43.1% to $163,772,000 (30 June 2022: $287,921,000). The revenue (before net present value movements) was relatively stable at $214,329,000 (30 June 2022: $222,350,000).
- Receipts from customers (inclusive of GST) decreased slightly by 1.1% to $259,146,000 (30 June 2022: $262,106,000).
- Net cash outflows from operating activities was $1,323,000 (30 June 2022: cash inflow of $3,968,000) which included the repayment of $700,000 in prior years marketing commitments, $1,186,000 in settlements and legal costs for legacy disputes and $226,000 in loan book acquisitions.
- Operating expenses increased by $1,184,000 to $24,626,000 (30 June 2022: 23,442,000). The increase was experienced in the 1H FY23 and reflected spend on strategic initiatives, marketing, increased staff costs and higher professional indemnity insurance premiums. In March 2023, the consolidated entity undertook a significant cost savings exercise. As a result, material savings were experienced in the last quarter of the current financial year. The full impact of the restructuring is expected to be realised in FY24.
- Cash balances decreased by $2,029,000 to $8,059,000 (30 June 2022: $10,088,000). The decrease in cash balances includes $1,500,000 loan to Resi Wholesale Funding Pty Ltd, $950,000 repayment of borrowings, the repayment of $700,000 in prior year marketing commitments and $1,392,000 for the development of software. In addition, loans of $335,000 were provided to franchisees and licensees.
- Net cash after borrowings decreased by $1,079,000 to $6,871,000 (30 June 2022: $7,950,000).
- Borrowings reduced by $950,000 to $1,188,000 (30 June 2022: $2,138,000).
- Net tangible assets per ordinary share decreased by 1.36 cents to 11.10 cents (30 June 2022: 12.46 cents). When incorporating the consolidated entity's 50% interest in the Resi Wholesale Funding joint venture, the net tangible assets per ordinary share becomes 13.03 cents (30 June 2022: 14.77 cents).
- Settlements declined by 7.4% to $19,448 million (30 June 2022: $21,004 million).
- Underlying loan book size increased by 7.2% to $62,038 million (30 June 2022: $57,896 million).
- Net present value of underlying loan book decreased by 14.2% to $31,840,000 (30 June 2022: $37,110,000).
- Net present value of underlying loan book per ordinary share is 9.8 cents (30 June 2022: 11.4 cents).

---

3. Net tangible assets

Net tangible assets per ordinary security has been calculated by excluding the net right-of-use assets and leases liabilities of ($192,000) (30 June 2022: ($114,000)).

In addition, the consolidated entity’s 50% interest in the Resi Wholesale Funding joint venture (carrying value as at 30 June 2023 of $Nil (30 June 2022: $385,000) in the consolidated entity’s financial statements) is excluded from the above calculation. As at 30 June 2023, the consolidated entity’s share of net tangible assets of Resi Wholesale Funding is $6,272,000 (30 June 2022: $7,476,000). The 50% share of the net tangible assets equates to 1.93 cents (30 June 2022: 2.31 cents) per share for the consolidated entity. This does not factor into account the future value of the current net interest margin (NIM) of Resi Wholesale Funding.

	Consolidated	
	2023 Reporting period Cents	**2022 Previous period Cents**
Net tangible assets per ordinary security	11.10	12.46
50% interest in Resi Wholesale Funding Joint Venture	1.93	2.31
Total net tangible assets per ordinary security including Resi Wholesale Funding Joint Venture	13.03	14.77

---

4. Control gained over entities

Not applicable.

---

5. Loss of control over entities

Refer to note 32 'Interests in subsidiaries' to the financial statements for further details.

---

6. Dividend reinvestment plans

Not applicable.

---

7. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding: Reporting period %	Reporting entity's percentage holding: Previous period %	Contribution to loss (where material): Reporting period $'000	Contribution to loss (where material): Previous period $'000
Resi Wholesale Funding Pty Limited *	50.00%	50.00%	(630)	(1,169)
Group's aggregate share of associates and joint venture entities' loss (where material)				
Loss from ordinary activities before income tax			(630)	(1,169)

* The consolidated entity's share of net tangible assets of Resi Wholesale Funding as at 30 June 2023 is $6,272,000 (30 June 2022: $7,476,000).

---

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

---

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

---

10. Attachments

Details of attachments (if any):

The Directors' Report and Financial Statements of Yellow Brick Road Holdings Limited for the year ended 30 June 2023 is attached.

Yellow Brick Road Holdings Limited
Appendix 4E
Preliminary final report

11. Signed

As authorised by the Board of Directors

Signed ___________________________ Date: 29 August 2023

Mark Bouris
Executive Chairman
Sydney

Yellow Brick Road Holdings Limited

ABN 44 119 436 083

Directors' Report and Financial Statements - 30 June 2023

Yellow Brick Road Holdings Limited
Contents
30 June 2023

Directors	Mark Bouris (Chairman) Adrian Bouris John George
Joint Company secretaries	Stephen McKenzie Andrew Symes (resigned on 30 June 2023)
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's website at https://www.ybr.com.au/investor-centre/corporate-governance-1

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 2023.

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 $3,530,000 (30 June 2022: loss of $2,459,000), however, the profit before tax (excluding movement in net present value of trail commissions) for the consolidated entity was $635,000 (30 June 2022: $1,188,000).

The FY23 result has been affected by market factors including:
- a 4.00% increase in interest rates above the previous record low Covid-period of 0.10%;
- a softening in property pricing and sales activity flowing through to lower home loan settlements;
- intense competition in mortgage pricing and cash-back offers;
- a major increase in refinancing to unprecedented levels;
- a shift in mix to major banks away from non-banks lenders; and
- persistently high run-off rates, which have not yet returned to pre-Covid levels as previously expected.

These factors have led to a decision to change our underlying assumptions around forward-looking run-off rates in order to determine the net present value of our future trail commissions, resulting in a write-down of $4,334,000 (30 June 2022: $1,460,000) of net present value of trail commission assets.

The FY23 valuation uses the previous 4-year average run-off experience which factors in high levels of run-off during FY21 and FY22. The assumption change reflects the view that run-off rates may continue to be at higher levels than those experienced in the pre-Covid period. In contrast, the FY22 valuation reflected a view that run-off rates would revert to normalised pre-Covid levels soon. Generally, in the past, run-off rates decrease as interest rates increase. Whilst FY23 experienced some moderation in run-off, the high level of loan refinances driven by aggressive pricing and cash-backs saw rates above those assumed levels.

The impact of the revaluation not only has resulted in a revaluation loss in FY23 but also significant fluctuations in statutory (but non-cash) commission revenue and expense balances.

The effect of the revaluation and other movements is shown in the table below:

	Consolidated 2023 $'000	2022 $'000
Loss before tax	(5,026)	(2,546)
Loss on revaluation of net present value of trail commissions	4,334	1,460
Loss on other movements in net present value of trail commissions	1,327	2,274
Net loss related to the net present value of trail commissions	5,661	3,734
Profit before tax (excluding movement in net present value of trail commissions)	635	1,188

The directors consider Underlying Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') to reflect the core earnings of the consolidated entity. Underlying EBITDA is not a financial measure prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and significant items. The consolidated entity's reconciliation of its statutory net loss after tax for the current and previous year period to Underlying EBITDA is as follows:

	Consolidated 2023 $'000	2022 $'000
Loss after income tax	(3,530)	(2,459)
Add: Depreciation and amortisation*	141	273
Add: Interest expense**	313	248
Less: Income tax benefit	(1,496)	(87)
EBITDA	(4,572)	(2,025)
Add: Loss on revaluation of underlying loan book	4,334	1,460
Add: Legacy and discontinued business legal/settlement expenses	366	798
Add: Expenses in relation to the group restructure	78	-
Less: Service charges (equity-accounted) for Resi Wholesale Funding	(400)	(400)
Add: Share of net loss from joint venture	630	1,169
Underlying EBITDA	436	1,002

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

Key features of the consolidated entity's result were:
- Statutory revenue (after net present value movements) decreased by 43.1% to $163,772,000 (30 June 2022: $287,921,000). The revenue (before net present value movements) was relatively stable at $214,329,000 (30 June 2022: $222,350,000).
- Receipts from customers (inclusive of GST) decreased slightly by 1.1% to $259,146,000 (30 June 2022: $262,106,000).
- Net cash outflows from operating activities was $1,323,000 (30 June 2022: cash inflow of $3,968,000) which included the repayment of $700,000 in prior years marketing commitments, $1,186,000 in settlements and legal costs for legacy disputes and $226,000 in loan book acquisitions.
- Operating expenses increased by $1,184,000 to $24,626,000 (30 June 2022: 23,442,000). The increase was experienced in the 1H FY23 and reflected spend on strategic initiatives, marketing, increased staff costs and higher professional indemnity insurance premiums. In March 2023, the consolidated entity undertook a significant cost savings exercise. As a result, material savings were experienced in the last quarter of the current financial year. The full impact of the restructuring is expected to be realised in FY24.
- Cash balances decreased by $2,029,000 to $8,059,000 (30 June 2022: $10,088,000). The decrease in cash balances includes $1,500,000 loan to Resi Wholesale Funding Pty Ltd, $950,000 repayment of borrowings, repayment of $700,000 in prior years marketing commitments and $1,392,000 for the development of software. In addition, loans of $335,000 were provided to franchisees and licensees.
- Net cash after borrowings decreased by $1,079,000 to $6,871,000 (30 June 2022: $7,950,000).
- Borrowings reduced by $950,000 to $1,188,000 (30 June 2022: $2,138,000).
- Net tangible assets per ordinary share decreased by 1.36 cents to 11.10 cents (30 June 2022: 12.46 cents). When incorporating the consolidated entity's 50% interest in the Resi Wholesale Funding joint venture, the net tangible assets per ordinary share becomes 13.03 cents (30 June 2022: 14.77 cents).
- Settlements declined by 7.4% to $19,448 million (30 June 2022: $21,004 million).
- Underlying loan book size increased by 7.2% to $62,038 million (30 June 2022: $57,896 million).
- Net present value of underlying loan book decreased by 14.2% to $31,840,000 (30 June 2022: $37,110,000).
- Net present value of underlying loan book per ordinary share is 9.8 cents (30 June 2022: 11.4 cents).

Significant changes in the state of affairs
In the last financial year, two fully owned subsidiaries (non-trading entities) were put into liquidation, and some subsidiaries were de-registered to simplify the corporate structure of the consolidated entity (refer to note 32).

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

Matters subsequent to the end of the financial year
Subsequent to the balance date the consultancy deed between the consolidated entity and Golden Wealth Holdings Pty Ltd covering the services provided by the executive chairman has been renewed for a period of 3 years effective from 25 August 2023. Details are contained in the Remuneration Report.

No other matter or circumstance has arisen since 30 June 2023 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
The consolidated entity will continue to provide customers with lending choice through its retail and wholesale mortgage broking and lending businesses whilst extending reach in other areas in the market.

Further information about likely developments in the operations and the expected future results of those operations have not been included in this report because disclosure of the information would, in the opinion of the directors, be likely to result in unreasonable prejudice to the consolidated entity.

Business risks
Provided below are the principal risks and uncertainties associated with the consolidated entity that could adversely affect its financial performance and growth potential in future years.

Macroeconomic risks
The business is subject to macroeconomic, regulatory and legal conditions across the Australian lending market. These conditions impact interest rates, the property market and consumer confidence which influence lending volumes and the present value of trail commissions (through increased run-off rates). In periods of rising interest rates, financial pressures are placed on borrowers which increases the probability of loans going into arrears. This can impact the consolidated entity in 2 ways, either through the cessation of trail commissions for brokered loans (generally when the loan is greater than 90 days in arrears), or reduced earnings through the securitised lending business. To date, the consolidated entity has not experienced a significant increase in loans arrears. It is noted that group exposure to arrears risk is further mitigated as the obligation to remit trail commission payments to its brokers would be suspended whilst loans are in arrears.

The business mitigates these risks through the monitoring of key risk indicators and market conditions as well as keeping abreast of regulatory changes.

Strategic risks
Strategic risk is the risk associated with the implementation of the consolidated entity's strategic objectives including the risk of failure to execute its strategy effectively or in a timely manner. The consolidated entity invests resources in the execution of initiatives that are aligned to its strategy, including programs focused on technology, digital and data assets, distribution expansion, margin improvements and improvements to risk and controls. There is a risk that these programs may not realise some or all of their anticipated benefits. The consolidated entity's response is to ensure appropriate project governance measures are in place for all major initiatives and to track associated benefits that are derived.

Operational risk
Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. The consolidated entity takes a risk-based approach to the management of operational risk and obligations. This enables it to appropriately identify, assess, manage and escalate operational risk-related exposures.

Cyber risk, privacy and data breach
Threats to information security are constantly evolving and techniques used to undertake cyber-attacks increasing in sophistication. The speed at which software vulnerabilities are identified and exploited is now exceeding the software vendor's ability to secure their products. Due to the significant volume of sensitive data managed by the consolidated entity, there is a risk that technology is inappropriately accessed, manipulated or damaged from cybersecurity threats or vulnerabilities. The consolidated entity proactively manages cyber risk to limit the likelihood of inappropriate access, manipulation, theft or damage to its own and third parties' data and technology as well as continuing to invest to enhance cyber controls commensurate to the threats required to be responded to.

The consolidated entity handles personal and sensitive information through its technology systems and networks. The consolidated entity uses select external suppliers to process and store confidential data, including the increased use of secure cloud infrastructure. The consolidated entity keeps its workforce, franchisees and licensees appropriately trained and updated with privacy and data breach training and initiatives, and continually tests staff capability through simulated cyber exercises.

Digital transformation
The consolidated entity continues to see the rapid change in technology and adoption of digital services through the ubiquitous access through cloud driven technologies. The growth of cloud automation and integration is driving an enhanced customer experience. The rise of generative AI is making the adoption and application of data driven intelligence the fastest growing technology space. This will significantly disrupt services and offerings into the future, with greater expectations on highly customised and personalised experiences driven by Machine learning and predictive analytics. Data continues to grow in value as a material asset.

Competitive market and changes to market trends
The consolidated entity operates in a highly competitive market with competition from mortgage broking organisations, established financial services providers and new market entrants including FinTechs. Strong competition increases pressure on margins and volumes of the business.

The market competitiveness in home loan pricing and inducements particularly impacts the carrying value of the net present value of trail commissions which is sensitive to movements in loan book run-off rates. Aggressive pricing impacts the propensity of loan refinances and therefore run-off.

The consolidated entity's response is to invest in its own lending capabilities, increase the YBR retail branch and Vow broker networks and to invest in the YBR brand which continues to be well regarded within the lending market.

Work, health and safety ('WHS')
The consolidated entity has a zero-risk tolerance for serious safety incidents. During the financial year, the consolidated entity continued to exhibit strong WHS practices across the business and continued to develop and train its workforce on WHS matters.

Reliance on key personnel
The consolidated entity engaged in activities during the financial year to develop the skills and experience of potential successors as part of its succession planning initiatives, including retention interviews and staff development plans.

Regulatory compliance
Represents the risk of failure to act in accordance with laws, regulations, industry standards and internal policies. The consolidated entity maintains sufficient internal controls to ensure continued compliance. From time to time, the company is exposed to a regulatory compliance breach of which appropriate remedial steps are undertaken on a timely basis with brokers and employees and (if relevant) third parties.

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):	None
Special responsibilities:	YBR appointed director of Resi Wholesale Funding Pty Limited.
Interests in shares:	54,987,219 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 finance, 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 a Non-Executive Director of Surfing Australia and Momentum Markets 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 a 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 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.

Joint Company secretaries

Stephen McKenzie is the Company Secretary for the YBR group of companies and its affiliates. Stephen is a member of Chartered Accountants Australia and New Zealand, as well as possessing further qualification in Applied Finance and Investment and Mortgage Broking. He has extensive experience in leading teams across Operations, Customer Services, Finance and Risk Management, along with initiating and implementing strategies to grow the profitability of businesses including increasing customers, driving efficiency gains and improving product margins.

Andrew Symes was the Company Secretary for the YBR group of companies and its affiliates throughout this financial year and resigned on 30 June 2023.

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 2023, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Mark Bouris *	9	10	-	-
Adrian Bouris	10	10	8	8
John George	10	10	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. Each KMP's key performance indicators ('KPI') are being set at the beginning of the year. The performance of the KMP are measured against these KPIs and are used to determine the base pay and bonus of the KMP. 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 KMPs based on specific annual targets and KPIs 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
Post 30 June 2023, the consolidated entity, the independent director and the Audit and Risk Committee engaged the services of independent remuneration consultant, Egan Associates Pty Limited to review the consultancy agreements between Golden Wealth Holdings Pty Ltd and the consolidated entity. Following this review, the consultancy deed with Golden Wealth Holdings has been renewed for a further 3-year period effective from 25 August 2023 with terms consistent with the remuneration expert’s advice. Under the agreement, a total fee of $1,125,000 per annum is payable which reflects:
- $700,000 per annum for services performed as executive chairman and managing director of the consolidated entity; and
- $425,000 per annum for marketing and promotional activities including the right to advertise and market the consolidated entity’s products and services on social media platforms and podcasts owned by The Mentor Platform Pty Limited and controlled by Mark Bouris at no cost to the consolidated entity.

Voting and comments made at the company's 2022 Annual General Meeting ('AGM')
At the 2022 AGM, 65% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022.

As more than 25% of the votes were cast against, this constituted the second strike for the purposes of the Act. The votes against included one shareholder who controls 63,036,787 shares which, if excluded, would have resulted in only 4.9% being against.

As more than 25% of votes were cast against the adoption of June 2022 remuneration report, a conditional resolution to Spill the Board was required ('Spill Resolution'). However, the Spill Resolution was voted in the AGM and was not carried as 66.81% of the votes were cast against the Spill Resolution.

Details of remuneration

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

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

And the following persons:
- Stephen McKenzie - Group Executive, Chief Financial Officer and Joint Company Secretary (appointed as Group Executive on 10 October 2022).
- Kevin Mangano - Chief Digital Officer (appointed on 14 March 2023, KMP from 1 July 2022).
- Andrew Symes - General Counsel and Joint Company Secretary (ceased to be a KMP and a Joint Company Secretary on 30 June 2023).

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2023	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	422,692	-	7,423	31,175	4,894	-	-	466,184
Kevin Mangano *	240,000	45,000	8,053	26,404	239	-	-	319,696
Andrew Symes **	340,203	20,000	-	27,625	-	25,000	-	412,828
	2,277,895	65,000	15,476	85,204	5,133	25,000	-	2,473,708

* Includes remuneration from the date of becoming a KMP. The bonus payment was cash based and fully paid on 14 September 2022 ($35,000) and on 13 October 2022 ($10,000). The payment was Board approved and reflected the performance of the consolidated entity and individual performance measures.

** Includes remuneration up to the date of ceased to be a KMP. The bonus payment was cash based and fully paid on 13 October 2022. The payment was Board approved and reflected the performance of the consolidated entity and individual performance measures.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2022	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	368,500	-	16,350	27,500	10,053	-	-	422,403
Andrew Symes *	225,000	25,000	15,832	25,000	6,029	-	-	296,861
Sean Preece **	240,258	-	-	9,535	-	20,000	-	269,793
	2,108,758	25,000	32,182	62,035	16,082	20,000	-	2,264,057

* Includes remuneration from the date of becoming a KMP. The bonus payment was cash based and fully paid on 14 October 2021. The payment was Board approved and reflected the performance of the consolidated entity and individual performance measures.

** Includes remuneration from the beginning of the year until resignation date on 4 October 2021.

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

Name	Fixed remuneration 2023	Fixed remuneration 2022	At risk - STI 2023	At risk - STI 2022	At risk - LTI 2023	At risk - LTI 2022
Non-Executive Directors:						
Adrian Bouris	100%	100%	-	-	-	-
John George	100%	100%	-	-	-	-
Executive Directors:						
Mark Bouris	80%	80%	20%	20%	-	-
Other KMP:						
Stephen McKenzie	100%	100%	-	-	-	-
Andrew Symes	89%	92%	5%	8%	6%	-
Kevin Mangano	86%	-	14%	-	-	-
Sean Preece	-	93%	-	-	-	7%

The proportion of the cash bonus paid and forfeited is as follows:

Name	Cash bonus paid/payable 2023	Cash bonus paid/payable 2022	Cash bonus forfeited 2023	Cash bonus forfeited 2022
Other KMP:				
Andrew Symes	100%	100%	-	-
Kevin Mangano	100%	-	-	-

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

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

During FY23, the executive chairman, Mark Bouris, was engaged under a consultancy agreement between the company and Golden Wealth Holdings Pty Limited, a company controlled by Mark Bouris. The consultancy agreement was entered on 20 December 2019 with a 12 months' notice period to terminate thereafter which has not been exercised by either party.

Under the agreement a maximum fee of $1,125,000 per annum was 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 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 FY22 and FY23, and that no clawback was triggered.

Share-based compensation

Issue of shares

On 19 October 2022, 284,091 shares were issued to Andrew Symes for the services offered to the company at an issue price of $0.088 as part of his compensation during the year ended 30 June 2023. The total consideration for this share issue was $25,000.

Performance rights

There were no performance rights over ordinary shares granted to, or vested in, directors and other KMP as part of compensation during the year ended 30 June 2023.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2023 are summarised below:

	2023 $'000	2022 $'000	2021 $'000	2020 $'000	2019 $'000
Revenue from ordinary activities	185,729	306,780	166,127	186,744	211,189
Profit/(loss) before tax (excluding movement in net present value of trail commissions)	635	1,188	4,791	9,246	(38,633)
(Loss)/profit after income tax	(3,530)	(2,459)	(460)	5,957	(37,394)

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

	2023	2022	2021	2020	2019
Share price at financial year end (cents)	6.000	9.000	9.000	7.000	7.000
Basic earnings per share (cents per share)	(1.083)	(0.758)	(0.140)	(1.910)	(13.200)
Diluted earnings per share (cents per share)	(1.083)	(0.758)	(0.140)	(1.910)	(13.180)
Net tangible assets per share (cents per share)	11.100	12.460	12.880	13.430	12.330

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	54,987,219	-	-	-	54,987,219
Adrian Bouris	3,155,400	-	-	-	3,155,400
John George	240,000	-	-	-	240,000
Andrew Symes	-	284,091	-	-	284,091
	58,382,619	284,091	-	-	58,666,710

Other transactions with KMP and their related parties
During the financial year, purchases for corporate finance services provided by BBB Capital Pty Limited (director-related entity of Adrian Bouris) of $420,000 (30 June 2022: $200,000) were made. The current trade payable balance as at 30 June 2023 was $Nil (30 June 2022: $27,500). All transactions were made on normal commercial terms and conditions and at market rates.

This concludes the remuneration report, which has been audited.

Performance rights
There were no unissued ordinary shares of Yellow Brick Road Holdings Limited under performance rights outstanding at the date of this report.

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 2023 and up to the date of this report.

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

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

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

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

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 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 performed by the auditors, as disclosed in note 27 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 pre-approved by the Audit and Risk Committee 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 as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, 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.

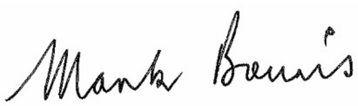
Officers of the company who are former partners of Grant Thornton Audit Pty Ltd
There are no officers of the company who are former partners of Grant Thornton Audit Pty Ltd.

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
Executive Chairman

29 August 2023
Sydney

Grant Thornton

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW 1230

T +61 2 8297 2400

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 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton.

Grant Thornton Audit Pty Ltd
Chartered Accountants

Tari Makanda.

Tari Makanda
Partner – Audit & Assurance

Sydney, 29 August 2023

Yellow Brick Road Holdings Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
Revenue			
Revenue from contracts with customers (excluding trail PV movements)		218,663	223,810
Revenue from contracts with customers (trail PV movements)		(50,557)	65,571
Loss on revaluation of net present value of trail commissions		(4,334)	(1,460)
Total revenue from contracts with customers	5	163,772	287,921
Other income		209	41
Interest income		592	340
Discount unwind on trail commission		21,365	18,519
Total revenue and other gains		185,938	306,821
Expenses			
Commissions expenses (excluding trail PV movements)	6	(189,053)	(197,496)
Commissions expenses (trail PV movements)	6	44,896	(69,305)
Employee benefits expense		(13,085)	(12,323)
Depreciation and amortisation expense	6	(957)	(1,060)
Impairment of receivables	9	(99)	(79)
Share of losses of joint ventures accounted for using the equity method	13	(630)	(1,169)
Other expenses		(11,442)	(11,040)
Finance costs	6	(20,594)	(16,895)
Total expenses		(190,964)	(309,367)
Loss before income tax benefit		(5,026)	(2,546)
Income tax benefit	7	1,496	87
Loss after income tax benefit for the year attributable to the owners of Yellow Brick Road Holdings Limited		(3,530)	(2,459)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Yellow Brick Road Holdings Limited		(3,530)	(2,459)
		Cents	**Cents**
Basic earnings per share	34	(1.083)	(0.758)
Diluted earnings per share	34	(1.083)	(0.758)

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 2023

	Note	Consolidated 2023 $'000	Consolidated 2022 $'000
Assets			
Current assets			
Cash and cash equivalents	8	8,059	10,088
Trade and other receivables	9	21,558	21,921
Contract assets - trail commissions	10	81,205	78,631
Deposits		425	449
Prepayments		1,789	1,789
Total current assets		113,036	112,878
Non-current assets			
Contract assets - trail commissions	10	281,902	335,034
Loans receivable from Resi Wholesale Funding Warehouse Trust No.1	11	-	4,500
Financial assets at fair value through profit or loss	12	1,500	-
Investments accounted for using the equity method	13	-	385
Right-of-use assets	14	2,347	2,974
Plant and equipment		105	133
Intangibles	15	1,686	361
Prepayments		1,514	1,595
Deferred tax	7	1,228	-
Total non-current assets		290,282	344,982
Total assets		403,318	457,860
Liabilities			
Current liabilities			
Trade and other payables	16	100,774	100,036
Contract liabilities	17	1,534	1,642
Borrowings	18	950	950
Lease liabilities	19	793	711
Provisions	20	1,069	1,219
Total current liabilities		105,120	104,558
Non-current liabilities			
Trade and other payables	16	257,976	307,525
Contract liabilities	17	400	800
Borrowings	18	238	1,188
Lease liabilities	19	1,747	2,377
Provisions	20	128	66
Deferred tax	7	-	268
Total non-current liabilities		260,489	312,224
Total liabilities		365,609	416,782
Net assets		37,709	41,078
Equity			
Issued capital	21	112,630	112,470
Reserves	22	2,215	2,214
Accumulated losses		(77,136)	(73,606)
Total equity		37,709	41,078

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 2023

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2021	112,450	2,212	(71,147)	43,515
Loss after income tax benefit for the year	-	-	(2,459)	(2,459)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(2,459)	(2,459)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 21)	20	-	-	20
Share-based payments (notes 22 and 35)	-	2	-	2
Balance at 30 June 2022	112,470	2,214	(73,606)	41,078

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2022	112,470	2,214	(73,606)	41,078
Loss after income tax benefit for the year	-	-	(3,530)	(3,530)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(3,530)	(3,530)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 21)	160	-	-	160
Share-based payments (notes 22 and 35)	-	1	-	1
Balance at 30 June 2023	112,630	2,215	(77,136)	37,709

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 2023

	Note	Consolidated 2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		259,146	262,106
Payments to suppliers and employees (inclusive of GST)		(260,198)	(257,885)
		(1,052)	4,221
Interest received		155	118
Interest and other finance costs paid		(426)	(371)
Net cash (used in)/from operating activities	33	(1,323)	3,968
Cash flows from investing activities			
Payments for plant and equipment		(47)	(65)
Payments for intangibles	15	(1,392)	(352)
Payments for investments accounted for using equity method	13	(245)	-
Proceeds from disposal of business		-	479
Loans repaid by/(advanced to) Resi Wholesale Funding Warehouse Trust No.1	11	4,500	(4,500)
Loan advanced to Resi Wholesale Funding Pty Ltd	12	(1,500)	-
Loans to franchisees and lincensees		(335)	-
Net cash from/(used in) investing activities		981	(4,438)
Cash flows from financing activities			
Repayment of borrowings	33	(950)	(1,162)
Repayment of lease liabilities	33	(737)	(786)
Net cash used in financing activities		(1,687)	(1,948)
Net decrease in cash and cash equivalents		(2,029)	(2,418)
Cash and cash equivalents at the beginning of the financial year		10,088	12,506
Cash and cash equivalents at the end of the financial year	8	8,059	10,088

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. 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 29 August 2023. The directors have the power to amend and reissue the financial statements.

Note 2. 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. The adoption of these Accounting Standards and Interpretations did not have a material impact on the consolidated entity.

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:

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments
AASB 2020-3 was issued in June 2020 and is applicable to annual periods beginning on or after 1 January 2022. Early adoption is permitted.

This standard amends:
- AASB 1 'First-time Adoption of Australian Accounting Standards' to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;
- AASB 9 'Financial Instruments' to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
- AASB 116 'Property, Plant and Equipment' to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset; and
- AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' to specify the costs that an entity includes when assessing whether a contract will be loss-making.

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').

Note 2. Significant accounting policies (continued)

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 3.

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 31.

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 2023 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.

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.

Note 2. Significant accounting policies (continued)

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 3 '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.

Revenue includes the rendering of mortgage broking services and aggregation and management services.

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 PV 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.

Mortgage broking services - *Trail commissions*
Cash received by the consolidated entity for the trail commission revenue for the reporting period is reported in this category. On receipt of cash, an adjustment is made to mortgage broking services - Trail PV commissions to reflect the cash collected during the period.

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 3 - Mortgage trail commissions for further information.

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

Mortgage broking services - professional services
Professional services represent branch and broker charges for services offered by the consolidated entity. The revenue from these services are recognised at a point in time.

Note 2. Significant accounting policies (continued)

Service charges for Resi Wholesale Funding Pty Ltd
Service charges for Resi Wholesale Funding represents charges for administration services provided to the joint venture. The revenue from these service charges are recognised over time.

Sponsorship revenue
Sponsorship revenue represents contributions from lenders to market at YBR arranged events for its franchise and broker networks. 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 events are held.

Other income
Other income 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.

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.

Note 2. Significant accounting policies (continued)

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.

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

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

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no 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 makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The consolidated entity uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The consolidated entity assesses impairment of trade receivables on a collective basis, as they possess shared credit risk characteristics, based on the days past due.

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

Revenue accrual
The 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 the consideration. Contract assets are treated as financial assets for impairment purposes.

Present value of trail commission receivable (Contract assets - trail commissions) is classified in this category.

Note 2. 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. Gains and losses resulting from upstream and downstream transactions are recognised in the financial statements only to the extent of unrelated investors interests in the joint venture. 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 less any impairment. 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. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in the 'Impairment of non-financial assets' policy below. Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group’s interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Financial assets
Financial assets are recognised when the consolidated entity becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when substantially all the risks and rewards are transferred.

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for any transaction costs. Subsequent measurement depends on classification.

Financial assets, other than those designated and effective as hedging instruments, are classified into one of the following categories: amortised cost; fair value through profit or loss; or fair value through other comprehensive income.

The classification is determined by both: the consolidated entity’s business model for managing the financial asset; and the contractual cash flow characteristics of the financial asset.

The consolidated entity does not have any financial assets categorised as fair value through other comprehensive income.

All revenue and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost
Financial assets are subsequently measured at amortised cost, using the effective interest method, if the assets meet the following conditions: they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Discounting is omitted where the effect of discounting is immaterial.

The consolidated entity’s financial assets at amortised cost includes trade receivables and loans receivable.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

The consolidated entity’s financial assets at fair value through profit or loss include the loan to Resi Wholesale Funding Pty Ltd.

Note 2. Significant accounting policies (continued)

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost, in addition to trade receivables, contract assets and loan commitments. The measurement of the loss allowance requires the use of forward-looking information and depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition.

The consolidated entity considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:
- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (‘Stage 1’); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (‘Stage 2’).

Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

‘12-month expected credit losses’ are recognised for the first category (i.e Stage 1) while ‘lifetime expected credit losses’ are recognised for the second category (i.e Stage 2).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Plant and equipment
Plant and equipment are 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	2 - 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. The useful life of the lease assets is referenced in note 14.

Note 2. Significant accounting policies (continued)

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangibles
Intangible assets acquired are initially recognised at cost and subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

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 three and four years.

Impairment of non-financial assets
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.

Financial liabilities
Financial liabilities are recognised when the consolidated entity becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the consolidated entity designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within finance costs or finance income.

The consolidated entity’s financial liabilities include borrowings, contract liabilities and trade and other payables.

Trade and other payables
Trade and other payables 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 except for trail commission payables which are discounted to it's net present value. 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
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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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.

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

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

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

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

Issued capital
Ordinary shares are classified as equity.

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

Note 2. Significant accounting policies (continued)

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 additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

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

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

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

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

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 been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. 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.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
AASB 2020-1 was issued in March 2020 and is applicable to annual periods beginning on or after 1 January 2024, as extended by AASB 2020-6. Early adoption is permitted. AASB 2022-6 was issued in December 2022 and is applicable to annual periods beginning on or after 1 January 2023. Early adoption is permitted where AASB 2020-1 is also early adopted.

Note 2. Significant accounting policies (continued)

These standards amend AASB 101 'Presentation of Financial Statements' to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. If the deferral right is subject to the entity complying with covenants in the loan arrangement based on information up to and including reporting date, the deferral right will exist where the entity is able to comply with the covenant on or before the end of the reporting date even if compliance is assessed after the reporting date. The deferral right will be deemed to exist at reporting date if the entity is required to comply with the covenant only after the reporting date based on post-reporting date information. Additional disclosure is required about loan arrangements classified as non-current liabilities in such circumstances which enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period. Classification of a liability as non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting date or even if the entity settles the liability prior to issue of the financial statements. The meaning of settlement of a liability is also clarified. The consolidated entity is currently assessing the impact the amendments may have on current practice and is not expecting any material impact due to the materiality of the borrowings. Refer to note 18 for further details.

Note 3. 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, and what 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.

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.

Mortgage trail commissions
The consolidated entity receives trail commissions from lenders (presented as contract assets) over the life of the loan based on the loan balance outstanding subject to the loan continuing to perform. The consolidated entity is obligated to make trail commission payments to franchisees and broker groups based on their loan book balance outstanding. Significant assumptions used in the valuation are listed below.

	30 June 2023	30 June 2022
Weighted average loan life *	3.6 years	4.2 years
Discount rate per annum	between 4.3% and 12.5%	between 4.3% and 12.5%
Weighted percentage paid to YBR franchisees	77%	77%
Weighted percentage paid to Vow brokers	96%	96%

* Average loan life is impacted by the future run-off rate. A reduction in the average loan life as a result of higher run-off would result in a lower net asset position. An increase of the run-off rate by 2% would lead to a reduction in contract assets by $30.0 million and corresponding reduction in trade and other payables by $27.4 million with net impact of reduction in net assets of $2.6 million. A decrease of the run-off rate by 2% would lead to growth in contract assets by $34.8 million and corresponding increase in trade and other payables by $31.9 million with net impact of the growth in net assets of $2.9 million.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

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.

Mortgage management charges
Revenue for ongoing mortgage management charges of 2.8 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.

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. Unearned revenue from future services to be provided to the joint venture as a result of the consolidated entity's investment and the corresponding contract liability were initially recognised over a 5 year period. The period is re-assessed 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, and forward-looking information that is available. The allowance for expected credit losses, as disclosed in notes 9,10 and 11, are calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Impairment of non-financial assets
The consolidated entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

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.

Clawback
A clawback on the upfront commission received from funders is incurred when a loan is discharged within the first 2 years of a loan settling. The 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 24 months from the date of loan inception. The clawback period of 24 months is then divided into 4 tranches of 6 months each. An internal rate of discharge is applied to each of the tranches. Currently the rates of discharge applied to the individual tranches are between 5.7% to 33% (FY 2022: between 3% to 27.6%). The key assumptions that underpin this liability estimation are reviewed annually.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Recognition of deferred tax assets and liabilities
The net deferred tax asset requires the consideration of realisation of carried forward tax losses of the consolidated entity. The extent to which net 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 net deferred tax assets can be utilised.

Note 4. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into one operating segment, operated predominantly in Australia, being 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 2023 the consolidated entity had four major customers that contributed $92,766,000 to the total consolidated entity's revenue: $27,444,000 (16.8%); $25,970,000 (15.9%); $23,252,000 (14.2%) and $16,100,000 (9.8%). In FY22, four major customers contributed $149,922,000: $44,751,000 (15.7%); $43,210,000 (15.1%); $36,934,000 (12.9%) and $25,026,000 (8.8%) respectively of the total consolidated entity's revenue.

Note 5. Revenue from contracts with customers

	Consolidated	
	2023	**2022**
	$'000	**$'000**
Mortgage broking services and mortgage aggregation services	163,772	287,921

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

	Consolidated	
	2023	**2022**
	$'000	**$'000**
Major product lines		
Mortgage broking services - origination commissions	111,441	125,244
Mortgage broking services - trail commissions	88,089	83,410
Mortgage broking services - trail PV commissions	(50,557)	65,571
Mortgage broking services - professional services	10,970	10,158
Sponsorship revenue	3,138	2,830
Mortgage management fees	291	308
Service charges for Resi Wholesale Funding	400	400
	163,772	287,921

Note 5. Revenue from contracts with customers (continued)

	Consolidated	
	2023	**2022**
	$'000	**$'000**
Geographical regions		
Australia	163,772	287,921
Timing of revenue recognition		
Services transferred at a point in time	163,081	287,213
Services transferred over time	691	708
	163,772	287,921

Note 6. Expenses

	Consolidated	
	2023	**2022**
	$'000	**$'000**
Loss before income tax includes the following specific expenses:		
Disaggregation of commission expenses		
The disaggregation of expenses paid to branches and brokers is as follows:		
Major product lines		
Mortgage broking services - origination commissions	107,500	120,779
Mortgage broking services - trail commissions	78,999	74,353
Mortgage broking services - trail PV commissions	(44,896)	69,305
Mortgage broking services - professional services	2,554	2,364
Total commission expenses	144,157	266,801
Depreciation		
Leasehold improvements	4	5
Office equipment	70	59
Right-of-use assets	816	787
Total depreciation	890	851
Amortisation		
Software	67	209
Total depreciation and amortisation	957	1,060
Finance costs		
Interest and finance charges paid/payable on borrowings	313	248
Interest and finance charges paid/payable on lease liabilities	112	123
Discount unwind on trail commission payments	20,169	16,524
Finance costs expensed	20,594	16,895
Marketing expenses	2,895	2,544
Consultancy expenses	1,436	1,463
Defined contribution superannuation expense	1,046	924

Note 7. Income tax

	Consolidated 2023 $'000	Consolidated 2022 $'000
Income tax expense		
Deferred tax - origination and reversal of temporary differences	(1,496)	(87)
Aggregate income tax benefit	(1,496)	(87)
Deferred tax included in income tax benefit comprises:		
Decrease in deferred tax liabilities	(1,496)	(87)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(5,026)	(2,546)
Tax at the statutory tax rate of 30%	(1,508)	(764)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	39	21
Share-based payments	48	7
Other adjustments	(75)	649
Income tax benefit	(1,496)	(87)

	Consolidated 2023 $'000	Consolidated 2022 $'000
Deferred tax (asset)/liability		
Deferred tax (asset)/liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	(9,507)	(9,307)
Allowance for expected credit losses	(95)	(84)
Contract liabilities	(340)	(373)
Employee benefits	(361)	(385)
Clawback payables	(177)	(162)
Accrued expenses	(372)	(540)
Plant and equipment and intangibles assets	(86)	(158)
Net deferred trail income/commissions	9,553	11,133
Right-of-use assets and lease liabilities	(58)	(34)
Others	215	178
Deferred tax (asset)/liability	(1,228)	268
Movements:		
Opening balance	268	355
Credited to profit or loss	(1,496)	(87)
Closing balance	(1,228)	268

Note 8. Cash and cash equivalents

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current assets		
Cash at bank *	5,059	7,543
Term deposit	3,000	2,545
	8,059	10,088

* None of the cash is restricted.

Note 9. Trade and other receivables

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current assets		
Trade receivables	859	565
Revenue accrual	19,983	21,292
Less: Allowance for expected credit losses	(317)	(281)
	20,525	21,576
Other receivables	1,033	345
	21,558	21,921

Allowance for expected credit losses
The consolidated entity has recognised a loss of $99,000 (30 June 2022: $79,000) in respect of the expected credit losses for the year ended 30 June 2023.

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

The expected credit loss from the revenue accrual is not material as these are due from organisations that have reduced credit risks and the probability of default is extremely low. Consequently, no expected credit losses have been recognised.

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	**2023 %**	**2022 %**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**
Not overdue	0.5%	1.0%	329	190	1	2
0 to 3 months overdue	0.5%	1.0%	25	27	-	-
3 to 6 months overdue	10.0%	30.0%	211	29	22	8
Over 6 months overdue	100.0%	85.0%	294	319	294	271
			859	565	317	281

Note 9. Trade and other receivables (continued)

The consolidated entity continues to monitor the collection of receivables and determine the value of receivable impairments. As a result, the calculation of expected credit losses has been revised and rates have been revised in each category.

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

	Consolidated	
	2023 $'000	2022 $'000
Opening balance	281	423
Additional provisions recognised	99	79
Written-off	(63)	(221)
Closing balance	317	281

Note 10. Contract assets - trail commissions

	Consolidated	
	2023 $'000	2022 $'000
Current assets		
Contract assets	81,205	78,631
Non-current assets		
Contract assets	281,902	335,034
	363,107	413,665

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

	2023 $'000	2022 $'000
Opening balance	413,665	348,094
Additions - new settlements	138,588	146,829
Run-off and impact due to changes in other PV assumptions	(189,146)	(81,258)
Closing balance	363,107	413,665

Contract assets relate to future trail commission receivables due from a combination of Australian banks and non-bank lenders. The expected credit loss from the contract assets is not material as these are receivables from organisations that have reduced credit risks, and the probability of default is extremely low. Consequently, no expected credit losses have been recognised.

Contract assets are revalued using 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 3.

Note 11. Loans receivable from Resi Wholesale Funding Warehouse Trust No.1

	Consolidated	
	2023 $'000	2022 $'000
Non-current assets		
Loan receivables from Resi Wholesale Funding Warehouse Trust No.1	-	4,500

The consolidated entity invested $3,000,000 in July 2021 and an additional $1,500,000 in May 2022 for Class G notes (previously, Class C notes) in the Resi Wholesale Funding Warehouse Trust No.1. The notes attracted a fixed margin of 10% per annum plus BBSY rate on $3,000,000 of Class G notes and 12% per annum plus BBSY rate on $1,500,000 of Class G notes. On 2 March 2023, the notes were fully redeemed in cash.

Note 12. Financial assets at fair value through profit or loss

	Consolidated	
	2023 $'000	2022 $'000
Non-current assets		
Financial asset in Resi Wholesale Funding Pty Ltd	1,500	-

Refer to note 25 for further information on fair value measurement.

On 14 October 2022, the consolidated entity provided Resi Wholesale Funding Pty Ltd (‘RWF’) an interest free loan of $1,500,000. The loan is not repayable until at least 22 months from drawdown or earlier if certain triggers occur. At the option of the consolidated entity, the loan may be converted into shares in RWF at a fixed price of $1 per share (‘conversion option’).

The carrying value of the loan is assessed to be a reasonable approximation of its fair value as at balance sheet date.

On inception, the loan was measured at fair value. At the reporting date, the financial asset was subsequently remeasured at fair value of $1,500,000.

Note 13. Investments accounted for using the equity method

	Consolidated	
	2023 $'000	2022 $'000
Non-current assets		
Investments accounted for using the equity method	-	385

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

Opening carrying amount	385	1,554
Additions	245	-
Share of loss after income tax	(630)	(1,169)
Closing carrying amount	-	385

No dividends were distributed during the year by the joint venture (30 June 2022: $Nil). There is no quoted price for the investments in the joint venture.

Note 13. Investments accounted for using the equity method (continued)

Impairment testing
In the last financial year, there was an indicator of impairment in the Resi Wholesale Funding joint venture given the joint venture is in a loss position, which resulted in management carrying out impairment testing. Since the investments in the joint venture have been reduced to $Nil, no impairment testing was required to be performed.

The recoverable amount of the consolidated entity's investment in joint venture has been determined by a value-in-use calculation using a discounted cash flow model, based on a five year projection period. The recoverable amount was greater than the carrying value and no impairment was required.

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

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2023 %**	**2022 %**
Resi Wholesale Funding Pty Limited	Australia	50%	50%

Resi Wholesale Funding Pty Ltd fully owns the residual income and capital units in Resi Wholesale Funding Warehouse Trust No.1. The below table contains information for Resi Wholesale Funding Pty Ltd and its fully consolidated interests of Resi Wholesale Funding Warehouse Trust No.1.

Note 13. Investments accounted for using the equity method (continued)

Summarised consolidated financial information for Resi Wholesale Funding

	2023 $'000	2022 $'000
Summarised consolidated statement of financial position		
Current assets		
Cash and cash equivalents	23,652	10,758
Other current assets	1,603	1,031
Total current assets	25,255	11,789
Non-current assets		
Loans receivable	360,042	313,990
Other non-current assets	3,691	3,891
Total non-current assets	363,733	317,881
Total assets	388,988	329,670
Current liabilities		
Trade and other payables	6,441	4,161
Other current liabilities	257	240
Total current liabilities	6,698	4,401
Non-current liabilities		
Borrowings	369,500	310,000
Other non-current liabilities	227	269
Total non-current liabilities	369,727	310,269
Total liabilities	376,425	314,670
Net assets	12,563	15,000
Summarised consolidated statement of profit or loss and other comprehensive income		
Revenue	249	73
Interest income	21,594	6,068
Expenses	(5,303)	(3,504)
Finance costs	(18,977)	(4,974)
Loss before income tax	(2,437)	(2,337)
Other comprehensive income	-	-
Total comprehensive loss	(2,437)	(2,337)

Note 13. Investments accounted for using the equity method (continued)

The consolidated entity's 50% share of the net assets of the joint venture not reflected in the carrying value above, is as follows:

	Consolidated	
	2023 **$'000**	**2022** **$'000**
50% share of net assets	6,282	7,500
Less: carrying amount	-	(385)
Net assets not recognised	6,282	7,115

Contingent liabilities
Contingent liabilities as at 30 June 2023 $Nil (30 June 2022: $Nil)

Commitments
Share of commitments but not recognised as liability as at 30 June 2023 $Nil (30 June 2022: $Nil).

Note 14. Right-of-use assets

	Consolidated	
	2023 **$'000**	**2022** **$'000**
Non-current assets		
Right-of-use assets	3,920	5,296
Less: Accumulated depreciation	(1,573)	(2,322)
	2,347	2,974

The consolidated entity leases land and buildings for its offices under agreements expiring between 1 to 5 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 2021	155	48	203
Additions	3,543	15	3,558
Depreciation expense	(766)	(21)	(787)
Balance at 30 June 2022	2,932	42	2,974
Additions	189	-	189
Depreciation expense	(793)	(23)	(816)
Balance at 30 June 2023	2,328	19	2,347

For other lease related disclosures, refer to the following:
- note 6 for details of depreciation on right-of-use assets and interest on lease liabilities;
- note 19 for lease liabilities at year end;
- note 24 for undiscounted future lease commitments; and
- consolidated statement of cash flows for repayment of lease liabilities.

Note 15. Intangibles

	Consolidated 2023 $'000	Consolidated 2022 $'000
Non-current assets		
Software - at cost	2,546	1,154
Less: Accumulated amortisation	(860)	(793)
	1,686	361

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 2021	218
Additions	352
Amortisation expense	(209)
Balance at 30 June 2022	361
Additions	1,392
Amortisation expense	(67)
Balance at 30 June 2023	1,686

Note 16. Trade and other payables

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current liabilities		
Trade payables	2,965	2,496
Trail commission payables	73,719	70,822
Accrued branch commissions	20,256	21,609
Accrued expenses	1,059	1,761
Clawback payables	226	194
Other payables	2,549	3,154
	100,774	100,036
Non-current liabilities		
Trade payables	69	1,449
Trail commission payables	257,544	305,732
Clawback payables	363	344
	257,976	307,525
	358,750	407,561

Note 16. Trade and other payables (continued)

Reconciliation
Reconciliation of the written down values at the beginning and end of the current financial year for trail commission payables are set out below:

	2023 $'000	2022 $'000
Opening balance	376,554	307,321
Additions - new settlements	137,858	139,895
Run-off and impact due to changes in other PV assumptions	(183,149)	(70,662)
Closing balance	331,263	376,554

Refer to note 24 for further information on financial instruments.

Note 17. Contract liabilities

	Consolidated	
	2023 $'000	2022 $'000
Current liabilities		
Sponsorship contract liabilities	1,134	1,242
Service charges for Resi Wholesale Funding contract liabilities	400	400
	1,534	1,642
Non-current liabilities		
Service charges for Resi Wholesale Funding contract liabilities	400	800
	1,934	2,442

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

	2023	2022
Opening balance	2,442	3,148
Sponsorship payments received in advance	3,038	2,521
Transfer to revenue - included in the opening balance for sponsorship payments	(1,242)	(1,548)
Transfer to revenue - sponsorship revenue recognised during the year	(1,904)	(1,279)
Transfer to revenue - service charges to Resi Wholesale Funding recognised during the year	(400)	(400)
Closing balance	1,934	2,442

The contract liabilities includes sponsorship payments from lenders which are recognised as revenue when associated events and activities are held 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.

Note 17. Contract liabilities (continued)

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $1,934,000 as at 30 June 2023 ($2,442,000 as at 30 June 2022) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2023 $'000	2022 $'000
Within 6 months	1,334	1,442
Within 12 months	200	200
After 12 months	400	800
	1,934	2,442

Note 18. Borrowings

	Consolidated	
	2023 $'000	2022 $'000
Current liabilities		
Bank loans	950	950
Non-current liabilities		
Bank loans	238	1,188
	1,188	2,138

The consolidated entity early adopted AASB 2020-1 and AASB 2022-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants, respectively in the current financial year. As the non-current portion of the liability is $238,000, it was considered immaterial by the management for the purposes of applying the standard.

Bank borrowings are secured over assets owned by the consolidated entity. Interest payable on the loan is 4.0% p.a. fixed rate on the finance facility limits plus variable rate of 3.2% p.a. on amounts drawn.

Furthermore, the contractual terms of the loan include covenants that require repayment on demand of the loan if any of the below conditions are not met:
- EBITDA to Debt Service Ratio of the consolidated entity for 2H FY23 should not be less than 1.20:1.
- Cash held by the consolidated entity at all times during 2H FY23 should not be less than $1,200,000.
- Net Value of Future Trail Commission Receivable to Total Debt of the consolidated entity for 2H FY23 should not be less than 3:1.

The consolidated entity has passed the covenants requirements throughout the financial year ending on 30 June 2023.

Refer to note 24 for further information on financial instruments.

Total secured liabilities
The total secured liabilities are as follows:

	Consolidated	
	2023 $'000	2022 $'000
Bank loans	3,188	4,138

Note 18. Borrowings (continued)

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

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

	Consolidated	
	2023 $'000	2022 $'000
Total facilities		
Bank loans	3,188	4,138
Used at the reporting date		
Bank loans	1,188	2,138
Unused at the reporting date		
Bank loans	2,000	2,000

Note 19. Lease liabilities

	Consolidated	
	2023 $'000	2022 $'000
Current liabilities		
Lease liability	793	711
Non-current liabilities		
Lease liability	1,747	2,377
	2,540	3,088

Refer to note 24 for further information on the maturity analysis of lease liabilities.

Note 20. Provisions

	Consolidated	
	2023 $'000	2022 $'000
Current liabilities		
Employee benefits	976	1,126
Client remediation provision	93	93
	1,069	1,219
Non-current liabilities		
Employee benefits	128	66
	1,197	1,285

Employee benefits provision
Employee benefits include annual leave and long service leave provisions.

Note 20. Provisions (continued)

Client remediation provision
In prior periods, management 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.

There is no movement in the client remediation provision during the financial year.

Note 21. Issued capital

	Consolidated			
	2023 Shares	2022 Shares	2023 $'000	2022 $'000
Ordinary shares - fully paid	326,381,450	324,563,266	112,630	112,470

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2021	324,277,552		112,450
Shares issued to employees *	28 July 2021	285,714	$0.070	20
Balance	30 June 2022	324,563,266		112,470
Shares issued to employees *	19 October 2022	1,818,184	$0.088	160
Balance	30 June 2023	326,381,450		112,630

* In the current financial year 1,818,184 (30 June 2022: 285,714) shares were issued to employees for the services offered to the company. The total consideration for this share issue was $160,000 (30 June 2022: $20,000).

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.

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.

Note 21. Issued capital (continued)

The consolidated entity's approach to capital risk management remains unchanged from the 30 June 2022 Annual Report.

Note 22. Reserves

	Consolidated 2023 $'000	Consolidated 2022 $'000
Share-based payments reserve	2,110	2,109
Fair value reserve	105	105
	2,215	2,214

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 2021	2,107	105	2,212
Performance rights net movement	2	-	2
Balance at 30 June 2022	2,109	105	2,214
Performance rights net movement	1	-	1
Balance at 30 June 2023	2,110	105	2,215

Note 23. Dividends

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

Note 24. 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.

Note 24. Financial instruments (continued)

Market risk

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

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

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

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

	2023		2022	
Consolidated	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Cash and cash equivalents	1.42%	5,059	0.01%	7,543
Term deposits	2.15%	3,000	0.56%	2,545
Borrowings	3.20%	(1,188)	0.33%	(2,138)
Net exposure to cash flow interest rate risk		6,871		7,950

An official increase/(decrease) in interest rates of 100 (30 June 2022: 100) basis points would have a favourable/unfavourable effect on profit before tax of $68,710 (30 June 2022: $79,500) per annum and favourable/unfavourable effect on equity of $48,000 (30 June 2022: $56,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analyst's forecasts.

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

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available. As disclosed in note 9, the calculation of expected credit losses has been revised as at 30 June 2023.

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, 58.74% (30 June 2022: 53.82%) 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.

Note 24. Financial instruments (continued)

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

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

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

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated	
	2023 $'000	2022 $'000
Bank loans	2,000	2,000

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.

Consolidated - 2023	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	-	2,965	69	-	-	3,034
Accrued branch commissions	-	20,256	-	-	-	20,256
Other payables	-	2,549	-	-	-	2,549
Trail commission payables	-	89,627	71,694	134,512	100,709	396,542
Interest-bearing - variable						
Bank loans	3.20%	950	238	-	-	1,188
Interest-bearing - fixed rate						
Lease liability	-	877	880	938	-	2,695
Total non-derivatives		117,224	72,881	135,450	100,709	426,264

Note 24. Financial instruments (continued)

Consolidated - 2022	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	-	2,496	1,449	-	-	3,945
Accrued branch commissions	-	21,609	-	-	-	21,609
Other payables	-	3,154	-	-	-	3,154
Trail commission payables	-	88,057	74,277	154,735	137,869	454,938
Interest-bearing - variable						
Bank loans	0.33%	950	950	238	-	2,138
Interest-bearing - fixed rate						
Lease liability	-	817	798	1,726	-	3,341
Total non-derivatives		117,083	77,474	156,699	137,869	489,125

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

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

Note 25. Fair value measurement

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

Consolidated - 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Financial assets at fair value through profit or loss (note 12)	-	-	1,500	1,500
Total assets	-	-	1,500	1,500

The fair value of a financial asset is based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including credit risk.

There were no assets or liabilities accounted at fair value at 30 June 2022.

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Note 25. Fair value measurement (continued)

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.

Valuation techniques for fair value measurements categorised within level 3
The consolidated entity performs the valuations of convertible loan required for financial reporting purposes, including level 3 fair values. Discussions of valuation processes and results are held between the CFO and Audit and Risk committee. The main level 3 inputs used by the consolidated entity are derived and evaluated to be the discount rate for the financial asset using the 1 year bond yield.

Sensitivity analysis
The following table summarises the impact in profit/(loss) after tax from changes in significant unobservable inputs used in Level 3 fair value measurements:

	Changes in assumptions	
	%	$
Discount rate	+ 1%	5,628
	- 1%	(5,588)

Note 26. 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	
	2023	**2022**
	$	**$**
Short-term employee benefits	2,358,371	2,165,940
Post-employment benefits	85,204	62,035
Long-term benefits	5,133	16,082
Share-based payments	25,000	20,000
	2,473,708	2,264,057

Note 27. 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	
	2023	**2022**
	$	**$**
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	217,000	196,645
Other services - Grant Thornton Australia Limited		
Taxation services	26,172	37,680
	243,172	234,325
Audit services - unrelated firms		
Audit or review of the financial statements for Exchange IQ Advisory Group Pty Ltd	-	2,750

Note 28. Contingent liabilities

The consolidated entity has provided bank guarantees as at 30 June 2023 of $1,085,000 (30 June 2022: $1,085,000).

Other than the above, no material claims have been received by the consolidated entity at the date of this report, and the Directors are of the opinion that no material losses will be incurred in respect of any contingent liabilities.

Note 29. Commitments

	Consolidated	
	2023	**2022**
	$'000	**$'000**
Advertising commitments *		
Committed at the reporting date but not recognised as liabilities, payable:		
One to five years	13,697	13,697

* This relates to committed marketing spend with Nine Entertainment Group.

Note 30. Related party transactions

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

Subsidiaries
Interests in subsidiaries are set out in note 32.

Joint ventures
Interests in joint ventures are set out in note 13.

Key management personnel
Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

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

	Consolidated	
	2023	**2022**
	$	**$**
Sale of goods and services:		
Sales to parties related to Resi Wholesale Funding Pty Ltd (a joint venture entity) for lending services	2,566,559	4,488,826
Sales to parties related to Resi Wholesale Funding Pty Ltd (a joint venture entity) for corporate back office services	400,000	400,000
Interest income:		
Interest income from Resi Wholesale Funding Pty Ltd (a joint venture entity)	440,973	324,964
Expensed during the year:		
Purchases of consultancy services from Golden Wealth Holding Pty Ltd (director-related entity of Mark Bouris) (a)	1,125,000	1,125,000
Purchases of services from BBB Capital Pty Ltd (director-related entity of Adrian Bouris) - Corporate finance services (b)	420,000	200,000

Note 30. Related party transactions (continued)

(a) Consulting services per consultancy service agreement referenced in the remuneration report.
(b) BBB Capital, its team and advisors provided corporate finance services on significant projects and initiatives.

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 2023 $	Consolidated 2022 $
Current receivables:		
Sale of lending services receivables and other receivables from Resi Wholesale Funding Pty Ltd (a joint venture entity) (a)	576,317	573,842
Interest receivables from Resi Wholesale Funding Pty Ltd (a joint venture entity)	619,201	222,134
Non-current receivables:		
Sale of lending services receivables from Resi Wholesale Funding Pty Ltd (a joint venture entity)	1,558,751	1,947,065
Non-current asset - Prepayments		
Prepayment from the Nine Entertainment Group (shareholder-related entity) (b)	1,244,852	1,244,852
Current payables:		
Corporate finance services payable to BBB Capital Pty Ltd (director-related entity of Adrian Bouris) (c)	-	27,500
Marketing expense payable to Nine Entertainment Group	1,800,000	1,120,000
Corporate back office services payable to Resi Wholesale Funding Pty Ltd (d)	400,000	400,000
Non-current payables:		
Marketing expense payable to Nine Entertainment Group	69,178	1,449,178
Corporate back office services payable to Resi Wholesale Funding Pty Ltd (d)	400,000	800,000

(a) $4,126 (30 June 2022: $9,447) relates to the expense reimbursement, which is paid by the consolidated entity on behalf of Resi Wholesale Funding Pty Ltd.
(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 2022: $Nil) was used during the year ended 30 June 2021, leaving an unused balance of non-current prepayment of $1,244,852 (30 June 2022: $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) BBB Capital Pty Ltd, its team and advisors provided corporate finance services on significant projects and initiatives.
(d) Represents the cost of back office support services provided to Resi Wholesale Funding Pty Ltd. The consideration for this services has been received in the form of equity investment in the joint venture.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 2023 $	Consolidated 2022 $
Non-current receivables:		
Loan receivable from Resi Wholesale Funding Warehouse Trust No.1	-	4,500,000
Loan receivable from Resi Wholesale Funding Pty Ltd	1,500,000	-

Note 30. Related party transactions (continued)

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates, except where stated otherwise.

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

Note 31. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2023	**2022**
	$'000	**$'000**
Profit/(loss) after income tax	1,584	(588)
Total comprehensive income/(loss)	1,584	(588)

Statement of financial position

	Parent	
	2023	**2022**
	$'000	**$'000**
Total current assets	71,582	69,928
Total assets	100,080	103,312
Total current liabilities	832	2,325
Total liabilities	1,070	6,046
Equity		
Issued capital	112,768	112,608
Share-based payments reserve	1,541	1,540
Accumulated losses	(15,299)	(16,882)
Total equity	99,010	97,266

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 2023 and 30 June 2022 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 of $1,085,000 as at 30 June 2023 (30 June 2022: $1,085,000).

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Commitments
The parent entity has a bank borrowing of $1,188,000 as at 30 June 2023 (30 June 2022: $2,138,000) and advertising commitments as follows:

Note 31. Parent entity information (continued)

	Parent	
	2023	**2022**
	$'000	**$'000**
Committed at the reporting date but not recognised as liabilities, payable:		
One to five years	13,697	13,697

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, 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 32. 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 2 :

		Ownership interest	
	Principal place of business /	**2023**	**2022**
Name	**Country of incorporation**	**%**	**%**
Yellow Brick Road Holdings Limited	Australia	100%	100%
Yellow Brick Road Group Pty Ltd	Australia	100%	100%
ACN 128 650 037 Pty Ltd (formerly known as Yellow Brick Road Wealth Management Pty Ltd)	Australia	100%	100%
Yellow Brick Road Finance Pty Ltd	Australia	100%	100%
ExchangeIQ Advisory Group Pty Ltd	Australia	100%	100%
ACN 125 664 593 Pty Ltd (formerly known as Yellow Brick Road Accounting and Taxation Services Pty Ltd) (In Liquidation)	Australia	-	100%
ACN 124 480 084 Pty Ltd (formerly known as Yellow Brick Road Accounting and Wealth Management Pty Ltd) (In Liquidation)	Australia	-	100%
Boreanaz Pty Ltd*	Australia	-	100%
Carithas Pty Ltd*	Australia	-	100%
Skasgard Pty Ltd*	Australia	-	100%
YBR Services Pty Ltd	Australia	100%	100%
ACN 124 553 206 Pty Ltd (formerly known as Yellow Brick Road Financial Planners Pty Ltd)	Australia	100%	100%
ACN 126 061 569 Pty Ltd (formerly known as Yellow Brick Road Investment Partners Pty Ltd)	Australia	100%	100%
Finance Analysis Services of Australia Pty Ltd*	Australia	-	100%
YBR Administration Services Pty Ltd (formerly known as Money Management Pty Ltd)	Australia	100%	100%
Vow Financial Pty Ltd	Australia	100%	100%
Vow Financial Group Pty Ltd	Australia	100%	100%
Vow Financial Holdings Pty Ltd	Australia	100%	100%
Vow Financial Planning Pty Ltd*	Australia	-	100%
National Brokers Group Pty Ltd	Australia	100%	100%
The Money Factory Pty Ltd	Australia	100%	100%
The Mortgage Professionals Pty Ltd	Australia	100%	100%
Select Mortgage Finance Pty Ltd	Australia	100%	100%
Australian Property Finance Pty Ltd*	Australia	-	100%
Vow Wealth Management Pty Ltd	Australia	100%	100%
Ironbark Mortgage Solutions Pty Ltd	Australia	100%	100%
National Brokers Group Holdings Pty Ltd	Australia	100%	100%

Note 32. Interests in subsidiaries (continued)

Name	**Principal place of business / Country of incorporation**	**Ownership interest 2023 %**	**Ownership interest 2022 %**
National Brokers Group Leasing Pty Ltd	Australia	100%	100%
RESI Mortgage Corporation Pty Ltd	Australia	100%	100%
Loan Avenue Holdings Pty Ltd	Australia	100%	100%
Loan Avenue Pty Ltd*	Australia	-	100%

* De-registered on 6 February 2023.

The de-registration and liquidation of dormant or non-trading subsidiaries follows a recent review to simplify the corporate structure of the consolidated entity.

Note 33. Cash flow information

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

	Consolidated 2023 $'000	**Consolidated 2022 $'000**
Loss after income tax benefit for the year	(3,530)	(2,459)
Adjustments for:		
Depreciation and amortisation	957	1,060
Share-based payments	1	(22)
Shares issued to employees	160	-
Share of loss - joint ventures (Resi Wholesale Funding)	630	1,169
Net change on the present value of trail commissions	5,266	3,662
Change in operating assets and liabilities:		
Increase/(decrease) in prepayments	83	(429)
Decrease/(increase) in trade and other receivables	699	(1,579)
Increase/(decrease) in trade and other payables	(3,360)	1,955
Decrease in deferred tax assets/liabilities	(1,496)	(87)
(Decrease)/increase in employee benefits	(81)	85
Increase/(decrease) in other operating liabilities	(652)	613
Net cash (used in)/from operating activities	(1,323)	3,968

Changes in liabilities arising from financing activities

Consolidated	Bank loans $'000	Lease liabilities $'000	Total $'000
Balance at 1 July 2021	3,300	229	3,529
Net cash used in financing activities	(1,162)	(786)	(1,948)
Acquisition of leases	-	3,558	3,558
Other changes	-	87	87
Balance at 30 June 2022	2,138	3,088	5,226
Net cash used in financing activities	(950)	(737)	(1,687)
Acquisition of leases	-	189	189
Balance at 30 June 2023	1,188	2,540	3,728

Note 34. Earnings per share

	Consolidated 2023 $'000	Consolidated 2022 $'000
Earnings per share for loss		
Loss after income tax attributable to the owners of Yellow Brick Road Holdings Limited	(3,530)	(2,459)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	325,833,504	324,542,131
Weighted average number of ordinary shares used in calculating diluted earnings per share	325,833,504	324,542,131

	Cents	Cents
Basic earnings per share	(1.083)	(0.758)
Diluted earnings per share	(1.083)	(0.758)

Note 35. Share-based payments

Resi Mortgage Corporation ('RESI')
During the year ended 30 June 2023 the amount expensed for RESI performance rights was $1,000 (30 June 2022: $2,000).

Set out below are details of the performance rights:

2023

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	30/11/2022	$0.180	92,307	-	-	(92,307)	-
			92,307	-	-	(92,307)	-

The above performance rights vest if the former RESI branch remains in YBR branch network on the vesting date.

The weighted average remaining contractual life of other performance rights issued, and outstanding at the end of the financial year was Nil (30 June 2022: 0.42 years).

2022

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	30/11/2022	$0.180	92,307	-	-	-	92,307
			92,307	-	-	-	92,307

Note 36. Events after the reporting period

Subsequent to the balance date the consultancy deed between the consolidated entity and Golden Wealth Holdings Pty Ltd covering the services provided by the executive chairman has been renewed for a period of 3 years effective from 25 August 2023. Details are contained in the Remuneration Report.

No other matter or circumstance has arisen since 30 June 2023 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
Directors' declaration
30 June 2023

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 2 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 2023 and of its performance for the financial year ended on that date; and

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

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

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

On behalf of the directors

Mark Bouris
Executive Chairman

29 August 2023
Sydney

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW 1230

T +61 2 8297 2400

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 2023, 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 2023 and of its performance for the year ended on that date; and

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

Basis for opinion

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

We 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
Trail commissions (Note 2, Note 10 and Note 16)	
At 30 June 2023, the Group recognised a contract asset representing the expected value of trail commissions receivables of $363.11 million and corresponding trail commissions payable of $331.26 million, representing the net present value of trail commissions payable by the Group. The value of the trail commissions has been determined by management and the Board with reference to an external expert valuation based on underlying data and information provided by management. Key areas of management judgement include assumptions on the loan book run-off rates, the discount rate applied to loans settled in the current year, broker pay-out ratios, and the valuation methodology. Management and the Board continued to challenge the assumptions and inputs in the valuation due to uncertainties resulting from changing current and future economic landscape with rising interest rates. This area is a key audit matter due to the significant degree of judgement and estimation uncertainty associated with the calculations and the size of the trail commission contract assets and trail commissions payable.	Our procedures included, amongst others: • evaluating the qualification, expertise, and objectivity of management's external valuation expert 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 evaluating the completeness and accuracy of loan data used in the valuation model by testing a sample of data back to external supporting documents such as funder commission statements and contracts with lenders and brokers; • challenging the reasonableness of key assumptions and inputs applied in the valuation 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 trail commission contract assets, 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 2, Note 5 and Note 9)	
Revenue totalled $163.77 million for the year ended 30 June 2023 and is the largest item in the consolidated statement of profit or loss and other comprehensive income. Measuring the amount of revenue to recognise in the financial statements, including determining the appropriate timing of recognition, involves significant management judgement. This area is a key audit matter given the significance of the balance, the volume of transactions and the 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; • agreeing a sample of recorded fees, sponsorship revenue, and commission transactions to supporting documents, which includes nvoices and bank statements; • agreeing revenue accrued at 30 June 2023 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 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 Group 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 9 to 14 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Yellow Brick Road Holdings Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton.

Grant Thornton Audit Pty Ltd
Chartered Accountants

Tari Makanda.

Tari Makanda
Partner – Audit & Assurance

Sydney, 29 August 2023