SPRING FG LIMITED

ABN 87 169 037 058

FY2019 ANNUAL REPORT

Board

Guy Hedley – Chairman
Non-executive Director

Keith Cullen
Founder & Managing Director

Chris Kelesis
Executive Director

Company Secretary

Ian Morgan

Registered Office

Level 11, 95 Pitt St
Sydney NSW 2000
Ph: 02 9248 0422
springFG.com

Share Registry

Boardroom Pty Limited
Level 12, 255 George St
Sydney NSW 2000
Ph: 02 9290 9600
boardroomlimited.com.au

ASX Listing Code

"SFL"

Contents

Important notice

Full details relating to the Group's financial performance and other important information are provided in the Consolidated Financial Statements.

The Consolidated Financial Statements of the Group commence from page 11 of this Annual Report and are separately indexed and page numbered from 1 to 48.

Chairman's letter

Dear Shareholder

As a shareholder of Spring FG Limited (the Company) I am sure that upheaval in the financial advice industry, fuelled in large part by last year's Royal Commission into the industry, has not been lost on you.

For the industry, and for the Company, the past couple of years have been extremely challenging and have seen the erosion of significant value. The Company has had to re-think and reset to face these challenges and create a new platform for a return to growth and profitability. This has involved us undertaking a successful transformational restructure to reduce our focus and reliance on business-to-consumer (B2C) and non-recurring revenue, to emerge as a primarily business-to-business (B2B) focused enterprise - now with predominately recurring revenue lines.

Central has been the acquisition of our Wealth Today Pty Ltd (Wealth Today) subsidiary. Wealth Today provides a comprehensive range of "dealer group" services to financial advisers across Australia (who are independent business operators acting as authorised representatives) to enable these advisers to operate and prosper. This strategy has enabled the Group to achieve significant revenue increases and positioned it to capitalise on the industry disruption created by the unravelling of institutional advice models.

Concurrently we have rationalised our B2C financial advice operations and achieved significant reductions in fixed overheads.

The end of institutionally-owned financial advice networks is creating unprecedent expansion opportunity for us as financial product manufacturers, including AMP, NAB-owned MLC and other major banks are now drastically reducing, closing or selling their advice networks. This is leaving large numbers of highly experienced and qualified advisers and countless of their clients "homeless", in need of a professional, efficient dealer group to support their businesses.

Wealth Today had just 42 advisers in its "dealer group" at the time we acquired it in January 2018. We initially reduced this number to around 30 before commencing an expansion program that saw us surpass our target of 100 advisers by mid-2019. We have subsequently grown to now more than 120 as at time of writing, with many more advisers in discussions and application to join.

We have current human and infrastructure resources to support circa 150-160 advisers, which we are targeting during FY2020. The opportunity is significantly larger than that however – with industry disruption presenting the opportunity for us to emerge in a real leadership role over the next two years. Importantly, our model can be scaled in an efficient manner, with only incremental payroll and variable cost increases required to scale to 250-300 advisers in the mid-term term and to well in excess of 500 advisers over time.

To reflect our strategic transformation and to ensure we are best positioned to capitalise on the unprecedented growth opportunities before us we have announced a series of material corporate actions including a name of the listed parent Company from Spring FG Limited to WT Financial Group Limited (subject to shareholder approval). The ASX has reserved a new code of "WTL" for us to sue once the name change takes place. We intend to continue our direct-to-consumer operations under the Spring Financial Group banner.

We are also seeking shareholder approval for the issue of convertible notes to raise up to $2,600,000 to be issued to wholesale and sophisticated investors. This will provide vital capital to help fuel and underpin our continued expansion and future success.

Finally, but very importantly, we have created a share purchase plan (SPP) to provide the opportunity to for shareholders, including those who would not be able to participate in the convertible note issue, the opportunity to acquire from $2,000 and up to $30,000 of new shares in the Company. The full terms and conditions of the SPP are set out in an offer booklet that has been sent to shareholders.

Your board recognises it has been a difficult journey for shareholders over the last couple of years. Your directors and management team have remained resolute however, and rather than capitulate to the incredible industry disruption that is upon us, have worked to rethink and reinvent your company to leverage the resources, systems and processes we have all invested into to re-emerge to be positioned to really capitalise on it.

We thank you for your support to date and we look forward to it continuing and to you being a part of our future.

King regards

Guy Hedley
Chairman

Managing director's report

Continued improvements in revenue (and reductions in expenses) throughout the year produced a result that was a considerable turnaround on FY2018. The Company expects this positive trend to continue across FY2020 and beyond as its focus on business-to-business (B2B) activities (which involve predominately recurring revenue) increases further, signalling a return to sustainable profitability.

The Group's total revenue from ordinary activities was up by 42% on the prior year to $10.45M (FY2018 $7.38M). Total revenue and other income (which in FY2018 included $1.83M from the Group's sale a risk insurance register) was up 13.7% to $10.64M (FY2018 $9.35M).

Cost of sales increased 57% year-on-year to $5.13M (FY2018 $3.27M) reflecting the significant increase in Revenue from Ordinary activities and the Group's increased B2B focus and success.

For FY2019 total operational expenses (excluding depreciation, amortisation, interest expense and tax) were down by 28% to $6.03M (FY2018 $8.52M), with H2 FY2019 being down nearly 10% on the first half, as rationalisation measures continued to be implemented and flow through as cost reductions.

Continued improvements in revenue (and reduction in expenses) throughout the year resulted in an operating profit (before depreciation, amortisation, interest and tax) of $0.295M for H2 (H1 loss of $0.820M) and therefore a full year operating loss of $0.525M, a significant turnaround from the prior year (FY2018 loss of $2.434M). NPAT for the full year was $(929)k, against a H1 FY2019 NPAT of $(855)k, thanks to intra-year improvements, and a significant turnaround from the FY2018 full year loss of $4.33M.

Transformational restructure

Over the past 18 months the Group has undergone a successful transformational restructure of its business and operations to reduce its focus and reliance on business-to-consumer (B2C) and non-recurring revenue, to emerge as a primarily business-to-business (B2B) focussed enterprise targeting predominately recurring revenue lines, through the Group's Wealth Today Pty Ltd subsidiary which has nearly tripled its adviser numbers in the past 18 months to more than 120 advisers.

Concurrently the Group has rationalised its B2C financial advice and wealth management operations conducted under the Spring Financial Group banner (that employ salaried personnel), and achieved significant reductions in fixed overheads, in particular across employment expenses, and B2C advertising & marketing costs.

Unprecedented expansion opportunity

Upheaval in the financial advice industry, fuelled in large part by the revelations and findings of last year's Royal Commission into the industry, has seen the beginning-of-the-end of institutionally-owned advice as it has been known, creating significant expansion opportunity for the Company.

Financial product manufacturers, including AMP, NAB-owned MLC and other major banks are now drastically reducing, closing or selling their advice networks. This unwinding of networks is leaving many highly experienced and qualified advisers and countless of their clients "homeless". They will need a professional, efficient dealer group to support their businesses.

The Company's strategic transformation has positioned it to capitalise on this industry disruption and it is anticipating further significant growth in adviser numbers, and revenue over the next 12-18 months.

To reflect its strategic transformation, and to ensure it is best positioned to capitalise on the growth opportunities before it, the Company is undertaking a series of material corporate actions, as summarised below.

Extraordinary General Meeting (EGM)

An Extraordinary General Meeting (EGM) will be held on Friday 8 November 2019. The matters to be put to the meeting are as follows:

Name change (and pending new ASX code)

The first resolution to be put to the meeting will be to change the name of the Company from Spring FG Limited to WT Financial Group Limited to reflect the evolution of the Group to include a much greater focus on the provision of licensing and support services on a "business-to-business" basis.

The Company has reserved the ASX code of WTL for use subject to, and from the date of, approval of the name change.

Convertible Note issue

The second resolution to be put before the meeting will be to approve the issue of Convertible Notes to raise up to $2.6M. If approved and fully subscribed the notes will be issued to wholesale and sophisticated investors and will be convertible to up to a maximum of 40,000,000 shares at between $0.065 and $0.085 per share.

Share Purchase Plan

The Company has also lodged a notice of a Share Purchase Plan (SPP) to provide shareholders who were on the register as at 26 September 2019, including

Managing director's report

those who would not be able to participate in the Convertible Note issue, the opportunity to acquire a minimum of $2,000 and up to $30,000 of new fully paid ordinary shares in the Company with no transaction or brokerage costs.

Eligible shareholders who participate in the SPP will be able to acquire the Company's shares at an issue price of A$0.05 per share, which represents a discount of 9.8% to the closing price on 26 September 2019, and a 30% discount to the minimum conversion price of the proposed Convertible Note issue.

The terms and conditions of the SPP were set out in an offer booklet which was sent to eligible shareholders.

Risks to growth

Of course, there are risks to all companies that operate in an industry undergoing such upheaval as that being experienced in financial services - and the Group will not be immune to those as and when they arise.

The Company considers one of the most significant risks to growth for any business operating in the sector (including the Group) over coming years to be the potential for an adversarial regulatory environment to emerge.

There is a risk for example that media, political and consumer pressure following the Royal Commission, including the new mantra for the corporate regulator of "why not litigate" – and the Royal Commission Final Report argument that "if there are grey areas in the law – why not test them in court to settle the grey through precedent" results in over-zealous regulatory actions at both an industry and individual corporation level. There is a risk that this exposes financial services operators to significant human resource and financial costs in dealing with or defending such situations and or actions - serving as a distraction or impediment to growth, revenue and profitability. Such actions can also result in reputational damage and/or impact licensing conditions of financial services companies. There is also a risk that professional indemnity insurance premiums rise significantly.

The Royal Commission Final Report included a series of recommendations that have already resulted in legislation being drafted - with the federal government stating its intention to introduce considerably more over the course of 2019 and 2020. There can be no certainty as to exactly what this legislation will contain, nor the timing nor impact of it on the operating environment nor on associated compliance overhead.

There is also a risk that consumers do not seek advice in the same numbers they have previously, due to the reputational damage done to the industry and a lack of trust stemming from the revelations of the Royal Commission.

There are the normal Company risks that could impact the Group's future performance also, including the risk that it is unable to attract the requisite personnel to manage its growth, and that it does not have the technology, financial and other resources to capitalise on its growth prospects and/or adequately deal with the risks outlined herein and other risks that may emerge.

As always, thank you for the continued support during this challenging period. We believe we are on our way to re-building long-term shareholder value and a return to long term, sustainable growth and profitability.

Keith Cullen
Managing director

Footnote on grandfathered commissions:

The Royal Commission Final Report recommended the banning of "grandfathered" commissions on investment products. Whilst such commissions were outlawed in 2013 under the FoFA reforms, arrangements that were in place prior to that time were "grandfathered". Draft legislation, if passed in its current form, will see the payment of grandfathered commissions to advisers outlawed from 1 January 2021. For FY2019 the Company received a total of $263,845 in grandfathered commission revenue (representing just 2.5% of Revenue from Ordinary Activities) across both its B2B ($219,997) and B2C ($43,848) operations. As such the impact of this ban, if implemented, is not considered material to the Group.

Risks and risk management

In our daily operations and in pursuing our strategic goals the Group is exposed to a variety of risks. Whilst key financial risks are specifically addressed in the Consolidated Financial Statements the table below provides an overview of the general operational and strategic risks that the Group has identified and manages.

Risk	Description	Risk management strategy
Regulatory and Licensing Requirements and Compliance	Spring FG operates in highly-regulated markets that require it (through its various 100%-owned subsidiaries) to hold licences, registrations and other authorities and approvals. Risk that regulatory and supervisory requirements, if not met, or are breached could result in restrictive conditions being imposed or a suspension or cancellation of the licence or registration.	Comprehensive compliance regime. Extensive internal monitoring and reporting across all key aspects of its operations. External legal and compliance advice where deemed appropriate.
Management of Future Growth	The Company expects to continue to experience rapid growth and increase in the number of its authorised representatives, employees and officers. Risk that the scope of its supporting infrastructure will be inadequate and/or systems that are not implemented and improved in a timely manner.	Recruitment of experienced operational personnel. Use of appropriate external consultants and contractors.
Legislative and Regulatory Changes	Risk that legislative or regulatory changes could adversely affect the Group's ability to offer certain products or services and/or its ability to earn revenue and profits from them and/or affect the ability of clients or potential clients of the Group to access certain products or services or make them less attractive to them.	Diversify product and service offerings.
People risk	Loss of key executives. Loss of key individuals in operating businesses with consequential material business interruption.	Succession planning and appropriate restraints to protect ongoing business. Market competitive remuneration and career development opportunities.
Fraud or embezzlement of Group or client funds	Risk that employee due diligence and monitoring is insufficient and/or that day-to-day operational controls are inadequate.	Fidelity and professional indemnity insurance held and appropriate policies and procedures implemented and regularly reviewed.
Investment impairment risk	Risk that investments, and in particular the value of acquired goodwill and intangible assets which are subject to a permanent decrease in value. Investment write-down or impairment results in an expense for the Group.	Close monitoring of investments. Close management of businesses operations to optimise results.

Summary Financial Information

	2019	2018
	$	$
Revenue	10,457,449	7,381,246
Other income	182,259	1,973,682
	10,639,708	9,354,928
Less:		
Direct cost of sales expenses	(5,126,760)	(3,273,972)
Employee benefits expense	(3,480,692)	(5,095,116)
Advertising & marketing expenses	(351,728)	(757,504)
Consulting & professional fee expenses	(283,331)	(294,746)
Rental expenses	(927,167)	(1,034,129)
Other operating expenses	(994,805)	(1,333,790)
	(524,775)	(2,434,330)
Less:		
Finance costs	(249,552)	(265,273)
Depreciation & amortisation expense	(417,203)	(742,779)
Disposal of intangible assets	-	(852,291)
Impairment of goodwill	-	(1,250,000)
Loss on disposal of furniture & equipment	(2,007)	(10,057)
Profit before income tax	(1,193,537)	(5,554,730)
Income tax benefit	264,622	1,224,925
Profit after income tax expenses for the year	(928,915)	(4,329,805)
Other comprehensive income	-	-
Total comprehensive income for the year	(928,915)	(4,329,805)

	2019	2018
	Cents	Cents
Basic earnings per share (cents)	(0.651)	(3.106)
Diluted earnings per share (cents)	(0.651)	(3.106)

Summary Financial Information

	2019 $	2018 $
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,045,182	1,243,072
Trade and other receivables	1,557,429	1,680,098
Other assets	612,805	482,212
Current tax assets/(liabilities)	(291,756)	1,354,004
TOTAL CURRENT ASSETS	2,923,660	4,759,386
NON-CURRENT ASSETS		
Trade and other receivables	466,501	910,505
Property, plant and equipment	486,787	677,842
Deferred tax assets	3,326,481	1,399,965
Investments	324,609	350,000
Intangible assets	7,027,140	7,247,760
TOTAL NON-CURRENT ASSETS	11,631,518	10,586,072
TOTAL ASSETS	14,555,178	15,345,458
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	2,012,951	2,228,665
Employee entitlements	155,549	181,960
Borrowings secured	290,000	1,080,000
Other liabilities	135,000	143,400
TOTAL CURRENT LIABILITIES	2,593,500	3,634,025
NON-CURRENT LIABILITIES		
Trade and other payables	223,749	269,791
Employee entitlements	127,629	65,819
Borrowings secured	625,000	860,000
Borrowings unsecured	513,595	513,595
Deferred tax liabilities	1,882,662	484,270
TOTAL NON-CURRENT LIABILITIES	3,372,635	2,193,475
TOTAL LIABILITIES	5,966,135	5,827,500
NET ASSETS	8,589,043	9,517,958
EQUITY		
Issued capital	18,895,112	18,895,112
Reserves	26,659	26,659
Accumulated Dividends	(6,827,069)	(6,827,069)
Accumulated Profit/Loss	(3,505,659)	(2,576,744)
Retained earnings	(10,332,728)	(9,403,813)
TOTAL EQUITY	8,589,043	9,517,958

Shareholder Information

The shareholder information set out below was applicable as at 21 October 2019.

Distribution of equitable securities

The table below shows the distribution of the number of holders of equitable securities by size of holding ranges:

Holdings Ranges	No. of holdei
1-1,000	13
1,001-5,000	33
5,001-10,000	145
10,001-100,000	169
100,001 or more	69
Totals	**429**
Number holding less than a marketable parcel	212

Equity security holders

Twenty largest equity security holders

The table below shows the number of shares held and the percentage of total shares on issue held by holders who are the 20 largest shareholders in the Company:

Holder name	Number held	%
MR KEITH ROBERT CULLEN	20,481,964	14.364%
C A K INVESTMENTS PTY LTD <KELESIS FAMILY A/C>	20,228,646	14.186%
KRC INVESTMENTS PTY LTD	14,289,576	10.021%
IFM PTY LIMITED <IFM SUPER FUND A/C>	8,440,442	5.919%
DAM ENTERPRISE SERVICES PTY LTD	7,200,000	5.049%
BANNABY INVESTMENTS PTY LIMITED <BANNABY SUPER FUND A/C>	6,681,709	4.686%
IFM PTY LIMITED <IFM SUPER FUND A/C>	6,299,822	4.418%
MR MITCHELL ANSIEWICZ	5,099,791	3.577%
PORTFOLIO SERVICES PTY LTD	4,997,991	3.505%
JULORY PTY LTD <THE JULORY A/C>	3,840,347	2.693%
MR ANGELOS KELESIS & MRS VASO KELESIS <A & V KELESIS SUPER FUND A/C>	3,754,109	2.633%
IAN JOYE SUPER FUND PTY LTD	3,021,560	2.119%
PORTFOLIO SERVICES PTY LTD	2,699,651	1.893%
DIRDOT PTY LIMITED <GRIFFITH SUPER FUND A/C>	2,113,465	1.482%
GAILFORCE MARKETING & PR PTY LTD <HALE AGENCY S/F A/C>	1,900,190	1.333%
PAUL SMSF PTY LTD <PAUL FAMILY SUPER FUND A/C>	1,889,759	1.325%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,838,812	1.290%
PACIFIC DEVELOPMENT CAPITAL LIMITED	1,785,714	1.252%
NATIONAL NOMINEES LIMITED <DB A/C>	1,642,207	1.152%
PAUL BIZ HOLDINGS PTY LTD <PFT A/C>	1,255,419	0.880%
Total securities of top 20 holdings	119,461,174	83.779%
Total of securities	142,590,868	

Summary Financial Information

Unquoted equity securities

There are no unquoted equity securities.

Substantial holders

The table below shows the number of shares held and the percentage of total shares on issue held by holders who are substantial holders in the Company:

Holder name	Number held	%
MR KEITH ROBERT CULLEN	20,481,964	14.364%
C A K INVESTMENTS PTY LTD <KELESIS FAMILY A/C>	20,228,646	14.186%
KRC INVESTMENTS PTY LTD	14,289,576	10.021%
IFM PTY LIMITED <IFM SUPER FUND A/C>	8,440,442	5.919%
DAM ENTERPRISE SERVICES PTY LTD	7,200,000	5.049%
BANNABY INVESTMENTS PTY LIMITED <BANNABY SUPER FUND A/C>	6,681,709	4.686%
IFM PTY LIMITED <IFM SUPER FUND A/C>	6,299,822	4.418%

Holders with greater than 20%

The table below shows the number of shares held and the percentage of total shares on issue held by holders who hold directly or indirectly more than 20% of the issued ordinary shares in the Company:

Holder Name	Number hel	
MR KEITH ROBERT CULLEN	34,771,540	24.385

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

No voting rights. There are no options on issue.

Other

There are no other classes of equity securities.

Contents

CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 30 June 2019

SPRING FG LMITED

ABN 87 169 037 058

CONTENTS

The directors present their report, together with the consolidated financial statements of Spring FG Limited (Spring FG or the Company) and its subsidiaries and controlled entities (the Group) for the financial year ended 30 June 2019 (FY2019) and the auditor's report thereon.

The Company listed on the Australian Stock Exchange on 15 March 2015 (ASX code: SFL). The Company's Corporate Governance Statement is located at www.springfg.com.

Directors

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

Guy Hedley	Chairman & Non-Executive Director
Experience	Guy Hedley is a non-executive director and chairman of Spring FG Limited. Guy has track record of success as a corporate executive in financial services. He was the founder and (for more than 10 years) head of Macquarie Private Bank in and an executive director at Macquarie Group from 2002 to 2012. Under Guy's management, Macquarie Private Bank established itself as the leading private bank in the country. Guy is now the executive chairman of Atlas Advisers Australia. He holds an MBA (Exec.) from Australian Graduate School of Management and is a Master Stockbroker (SAA).
Interest in shares	387,842 ordinary shares
Special responsibilities	Chairman of Remuneration & Nomination Committee

Keith Cullen	Managing Director & CEO
Experience	Keith Cullen is the founder and managing director of Spring FG Limited and its subsidiary companies. Keith has extensive experience as a corporate executive, general manager and sales & marketing director in financial services, gaming & wagering technology and media. He also has considerable experience in capital markets and mergers and acquisitions. From 2004 – 2006 Keith was Group CEO of WPS Financial Group; a diversified financial services group with offices across Australia. From 1994 – 2006 he was a founding director and shareholder of eBet Limited (Managing Director, 1994-2004), an ASX-listed gaming & wagering technology company with operations in Australia, NZ, USA, Canada, and various Asian countries. Prior to 1994 Keith held various sales & marketing roles with the privately-owned Australian Radio Network and ASX-listed Wesgo Communications.
Interest in shares	34,789,007 ordinary shares
Special responsibilities	Member of Audit & Risk Committee and Remuneration & Nomination Committee

Chris Kelesis	Executive Director
Experience	Chris Kelesis is a founding shareholder and director of Spring FG Limited and its subsidiary companies and is licensee-in-charge of Spring FG Realty Pty Ltd. Chris holds primary responsibility for managing the Group's Real property-based relationships. He is also responsible for overseeing investment property contracts, settlement and asset agreement processes for the Group. Chris is also an accomplished equities trader and technical analyst with more than 10 years' experience as a private and wholesale client adviser in roles with Spring Equities, Ark Equities and the Rivkin Group.
Interest in shares	20,853,099 ordinary shares
Special responsibilities	Licensee-in-charge of Spring FG Realty Pty Ltd

Jeff Zulman	Non-executive Director – ceased 30 November 2018
Experience	Jeff Zulman was a non-executive director of Spring FG Limited during the period. He was due for and did not nominate for re-election at the Company's AGM in November 2018 due to increased business commitments. Jeff has extensive experience at operational and board level with both private and public companies in financial services and technology. He also has extensive experience in corporate advisory including mergers and acquisitions. He is an executive director of Sydney-based corporate advisory firm, Coyne Holdings and founder and managing director of a specialist mortgage and finance brokerage advisory business, Trail Blazers. He holds a BA Law (Witwatersrand) and Dip. Jurisprudence (Oxford).
Interest in shares	137,266 ordinary shares
Special responsibilities	Chairman of Audit & Risk Committee

Company Secretary

Ian Morgan

Ian is a Chartered Accountant and a Chartered Company Secretary, with over 30 years' experience. He holds a Bachelor of Business (NSW Institute of Technology), a Master of Commercial Law (Macquarie University), a Graduate Diploma of Applied Finance & Investment (Securities Institute), and is a Fellow of the Financial Services Institute of Australasia.

Meetings of directors

The table below sets out the meetings of directors and meetings of sub-committees held during the period.

	Directors' Meetings		Audit & Risk Committee		Remuneration & Nomination Committee	
Director	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Keith Cullen	8	8	2	2	1	1
Chris Kelesis	8	8	-	-	-	-
Guy Hedley	8	7	2	2	1	1
Jeff Zulman	5	4	1	1	1	1

Principal activities

Over the past 18 months the Group has undergone a successful transformational restructure of its business and operations to reduce its focus and reliance on business-to-consumer (B2C) and non-recurring revenue, to emerge as a primarily business-to-business (B2B) focussed enterprise targeting predominately recurring revenue lines.

Central to its strategic transformation has been the acquisition of the Group's Wealth Today Pty Ltd (Wealth Today) subsidiary which provides a comprehensive range of "dealer group" services to financial advisers across Australia who are independent business operators acting as authorised representatives, or corporate authorised representatives. Wealth Today adviser numbers have nearly tripled over the past 18 months and now exceed 110 advisers.

Concurrently the Group has rationalised its B2C financial advice and wealth management operations conducted under the Spring Financial Group banner (that employ salaried personnel), and achieved significant reductions in fixed overheads, in particular across employment expenses, and B2C advertising & marketing costs.

This strategy has enabled the Group to achieve significant revenue increases with FY2019 Revenue from Ordinary Activities up more than 42% over the prior year to $10.46M (FY2018 $7.38M), with improvement ongoing throughout the year showing H2 FY2019 Revenue from Ordinary Activities up around 18% on the first half. Further details of the Group's operating results are provided below.

As noted in the section headed "Events after the reporting date", below, to reflect the evolution of the business and operations of the Group to include a much greater focus on the provision of licensing and support services on a "business-to-business" basis for financial advisers under its Wealth Today Pty Ltd dealer group, a change of name of the Group's head company from Spring FG Limited to WT Financial Group Limited, will be put to a meeting of shareholders on or about 8 November 2019.

The Group intends to continue its direct-to-consumer operations under the Spring Financial Group banner (in a significantly rationalised format) in both the immediate and longer term.

The Group has offices in Sydney, Melbourne, Perth and Brisbane and satellite offices in Canberra, Newcastle and Wollongong. A listing of all the subsidiaries and controlled entities in the Group (including non-operating entities and entities acquired during the period and the prior period) can be found in Note 20 of the financial statements.

Operating results and Review of Financial Position

A. Operating results for the year

The Group's total revenue from ordinary activities was up by 42% compared to the prior year to $10.46M (FY2018 $7.38M. Of total revenue from ordinary activities, total revenue from financial planning and advice (both B2B and B2C) was up more than 46% to $8.99M. Total revenue and other income (which in FY2018 included$1.83M from the Group's sale a risk insurance register) was up13.7% to $10.64M (FY2018 $9.35M).

Cost of sales increased 57% year-on-year to $5.13M (FY2018 $3.27M) reflecting the significant increase in Revenue from Ordinary activities and the Group's increased B2B focus and success.

For FY2019 total operational expenses (excluding depreciation, amortisation, interest expense and tax) were down by 28% to $6.04M (FY2018 $8.52M), with H2 FY2019 being down nearly 10% on the first half as rationalisation measures continued to be implemented and flow through as cost reductions.

Reductions were driven is large part by head-count rationalisation with total employment expenses down by 32% to $3.48M (FY2018 $5.1M) with HY2 FY2019 down around 13% on the first half. Some recent further rationalisation will see further modest employment expense reductions, however with the anticipated significant further growth in the Group's B2B operations, employment expenses are likely to steady – before showing incremental increases linked to future growth.

Advertising and marketing expenses were down 54% to $352K (FY2018 $757K) with a more modest 3.5% fall for H2 measured against the first half of FY2019. Further reductions of circa 50% are expected to be achieved throughout FY2020 with a number of contracted arrangements now finalised.

Occupancy costs were down 10% on the prior year to $927K (FY2018 $1.03M) and steady throughout the year due to fixed-term lease commitments. The Group is actively exploring various sub-leasing and assignment opportunities as its strategic reduction in salaried advisers and associated employees has resulted in office accommodation excess to its needs. If successfully implemented, occupancy cost reductions of a further 25-35% should be achievable over the next two years.

Continued improvements in revenue (and reduction in expenses) throughout the year resulted in an operating profit (before depreciation, amortisation, interest and tax) of $0.295M for H2 (H1 loss of $0.820M) and therefore a full year operating loss of $0.525M, a significant turnaround from the prior year (FY2018 loss of $2.434M). NPAT for the full year was $(929)k, against a H1 FY2019 NPAT of $(855)k, thanks to intra-year improvements, and a significant turnaround from the FY2018 full year loss of $4.33M.

Impact of restructure on operating profit

Continued improvements in revenue (and reductions in expenses) throughout the year produced a second-half FY2019 result that was a considerable turnaround on FY2018. The Company expects this positive trend to continue across FY2020 and beyond as its B2B activities increase further, signalling a return to sustainable profitability.

Segments

More detailed information relating to the performance of the Group's two key segments, which are *"financial planning, investment advice and product sales revenue";* and *"accounting & taxation services"*, is included at Note 4 of the financial statements.

B. Review of financial position

The financial position of the Group as 30 June 2019 is summarised as follows:

Net assets were $8.59M (FY2018 $9.52M) with net tangible assets (NTA) $1.56M (FY2018 $2.27M).

The Group had drawn receivables financing facilities of $915k (FY2018: $1.94M) the terms of which are more fully detailed in Note 11(a).

Cash from operations

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

Cash inflows from operating activities were $646k representing a significant turnaround from the prior year (FY2018 negative $2.472M).

Repayment of borrowings was $1.03M (FY2018 proceeds of $1.13M and repayments of $1.14M)

Cash and cash equivalents were $1.045M at the end of year (FY2018 $1.243M) a decrease of $198k during the year, a significant turnaround on the FY2019 decrease of $1.35M.

Capital management

As at 30 June 2019 the Company had a total of 142,590,868 ordinary shares on issue (142,590,868 at 30 June 2018). No shares or other securities were issued during the year.

Dividends

The Company has paid a total of $6.83M in fully-franked dividends since it was incorporated as the parent company of the Group in 2015.

Due to the loss, no dividend will be declared or paid for FY2019.

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

Significant changes in state of affairs

Upheaval in the financial advice industry, fuelled in large part by the revelations and findings of last year's Royal Commission into the industry, has seen the beginning-of-the-end of institutionally-owned advice as it has been known, creating a significant expansion opportunity for the Company.

Financial product manufacturers, including AMP, NAB-owned MLC and other major banks are now drastically reducing, closing or selling their advice networks.

This unwinding of networks will leave many highly experienced and qualified advisers and countless of their clients "homeless". They will need a professional and efficient dealer group to support their businesses. As noted earlier in this report, over the past 18 months the Group has undergone a successful transformational restructure of its business and operations to reduce its focus and reliance on business-to-consumer (B2C) and non-recurring revenue, to emerge as a primarily business-to-business (B2B) focussed enterprise targeting predominately recurring revenue lines, through the Group's Wealth Today Pty Ltd subsidiary which has nearly tripled its adviser numbers in the past 18 months to more than 110 advisers.

The Company's strategic transformation has also positioned it to capitalise on industry disruption noted above with the Company targeting further significant growth in adviser numbers over the next 12-18 months.

To reflect its strategic transformation, and to ensure it is best positioned to capitalise on the growth opportunities before it, the Company is undertaking a series of material corporate actions as more fully detailed below.

Events after the reporting date

Extraordinary General Meeting (EGM)

On 27 September 2019, the Group lodged a draft Notice of Extraordinary General Meeting (EGM) with the ASX for approval. Subject to, and upon approval by the ASX, a notice of meeting, explanatory memorandum and proxy form for an EGM to be held on or about Friday 8 November 2019 will be dispatched to shareholders.

The matters to be put to the meeting which are the approval of a change of name for the Company and issue of convertible notes (Convertible Notes) are set out in more detail below.

Name change

The first resolution proposed to be put to the meeting will be to change the name of the Company from Spring FG Limited to WT Financial Group Limited.

Changing the name of the head company reflects the evolution of the business and operations of the Group to include a much greater focus on the provision of licensing and support services on a "business-to-business" basis under its Wealth Today Pty Ltd dealer group.

The Group intends to continue its direct-to-consumer operations under the *Spring Financial Group* banner (in a significantly rationalised format) in both the immediate and longer term.

The Company has reserved the ASX code of WTL for use subject to, and from the date of, approval of the name change.

Convertible Note issue

The second resolution proposed to be put before the meeting will be to approve the issue of Convertible Notes to raise up to $2.6M.

If approved and fully subscribed the notes will be issued (within three months from the date of approval) to wholesale and sophisticated investors and will be convertible to up to a maximum of 40,000,000 shares at between $0.065 and $0.085 per share, will have maturity dates of between 2 and 3 years, and interest rates of between 8.25% pa and 8.75% pa. The Convertible Notes will not be quoted on the ASX.

Share Purchase Plan

On 27 September 2019 the Company also lodged a notice of a Share Purchase Plan (SPP) to provide shareholders who were on the register as at 26 September 2019, including those who would not be able to participate in the Convertible Note issue, the opportunity to acquire a minimum of $2,000 and up to $30,000 of new fully paid ordinary shares in the Company with no transaction or brokerage costs.

Eligible shareholders who participate in the SPP will be able to acquire the Company's shares at an issue price of A$0.05 per share, which represents a discount of 9.8% to the closing price on 26 September 2019, and a 30% discount to the minimum conversion price of the proposed Convertible Note issue.

The SPP aims to raise approximately $1.0M to 1.5M and is not underwritten. The Company may determine to raise a higher amount or decide to scale back applications under the SPP.

The SPP is scheduled to open on Friday 4 October 2019 and is expected to close on Tuesday 22 October 2019.

The terms and conditions of the SPP will be set out in an offer booklet intended to be lodged later today and expected to be dispatched in electronic and printed forms to eligible shareholders.

Indemnity and insurance of officers

The Company has entered into director protection deeds with each Director and an officer protection deed with the company secretary. Under these deeds, the Company has agreed to indemnify, to the extent permitted by the Corporations Act 2001, each officer in respect of certain liabilities which the officer may incur as a result of, or by reason of (whether solely of in part), being or acting as an officer of the Company.

The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are officers and for seven years after they cease to act as officers.

Disclosure of the insurance premiums and the nature of liabilities covered by such insurance are prohibited by the relevant contracts of insurance.

Proceedings on behalf of the company

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

Environmental Regulation

The Group's operations are not subject to any particular significant environmental regulations under a law of the Commonwealth or of a State or Territory legislation.

Audit services

Rothsay Audit & Assurance Pty Ltd was the auditor of the Company and all Group entities and is the Group's lead auditor.

Details of the amounts paid to the auditor Rothsay Audit & Assurance Pty Ltd and the previous Auditors BDO, and/or their related-party firms for audit services provided during the financial year and/or the prior corresponding period are provided in Note 19 to the financial statements.

Likely developments

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Remuneration report summary

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

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

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

The key management personnel of the Company are:

- Guy Hedley - Non-Executive Chairman
- Jeffrey Zulman - Non-Executive Director (resigned 30 November 2018)
- Keith Cullen – Managing Director
- Chris Kelesis – Executive Director

This remuneration report outlines the Group's remuneration principals, framework and outcomes for the financial year ended 30 June 2019. The remuneration report is set out under the following main headings:

- principles used to determine the nature and amount of remuneration
- details of remuneration
- service agreements
- share-based compensation (not currently utilised)
- additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate to market and the relevant experience and expertise of key management personnel. The Board of Directors (Board) ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage/alignment of executive compensation when appropriate
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high-performance and high-quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group. Considerations include:

Alignment to Group client and shareholders' interests:

- has economic profit as a core component of plan design
- focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives
- recognises that Group client satisfaction is a key driver to generating shareholder wealth

Alignment to program participants' interests:

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

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

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

The Chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting.

Executive remuneration

The Group aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has predominately fixed and in certain circumstances some variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives (none paid during period)
- share-based payments (not currently utilised)
- other remuneration such as superannuation and long service leave

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

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits are reviewed annually by the Nomination and Remuneration Committee, based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the targets of those executives responsible for meeting those targets. STI payments are granted to executives based on specific targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

Group performance and link to remuneration

No Group performance linked incentives operated, and none were paid during the period.

There were no performance-based shares or options offered or issued during the period and there were no unissued shares or options as at 30 June 2019.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables. Further details are provided below in the Service Agreements section of this Remuneration Report.

	Short term benefits		Long term benefits	Post-employment benefits	
FY2019	Salary & fees	Interest not charged	LSL Accrual	Super	Total
	$	$		$	$
Non-Executive Directors					
Guy Hedley (Chairman)	48,000	-		-	48,000
Jeffrey Zulman	16,042	-		-	16,042
Executive Directors					
Keith Cullen	298,298	22,451	43,490	20,049	384,288
Chris Kelesis	190,294	10,288	27,744	17,217	245,543

	Short Term Benefits		Long term benefits	Post-employment benefits	
FY2018	Salary & fees	Interest not charged	LSL Accrual	Super	Total
	$	$	$	$	$
Non-Executive Directors					
Guy Hedley (Chairman)	48,000	-	-	-	48,000
Jeffrey Zulman	35,000	-	-	-	35,000
Executive Directors					
Keith Cullen	274,222	15,439	-	19,149	308,810
Chris Kelesis	175,270	8,828	-	16,445	200,543

Fixed and at-risk remuneration

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

	Fixed Remuneration		At Risk Remuneration	
	2019	2018	2019	2018
Non-Executive Directors				
Guy Hedley(Chairman)	100%	100%	-	-
Jeffrey Zulman	100%	100%	-	-
Executive Directors				
Keith Cullen	100%	100%	-	-
Chris Kelesis	100%	100%	-	-

Note: Bonuses are at all times at the discretion of the Board and the Managing Director. No bonuses were granted or paid during the period.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in executive service agreements or, in the case of non-executive directors, letters of engagement. Details of these formal agreements and the effective dates (which do not necessarily reflect the date of initial engagement of the relevant personnel) are as follows:

Name:	Guy Hedley
Title:	Non-executive Director & Chairman
Agreement commenced:	23 November 2014
Date commenced with Group:	10 April 2014
Term of agreement:	No fixed term
Details:	Director's fees for the year ending 30 June 2019 of $48,000, to be reviewed annually by the Nomination and Remuneration Committee.

Name:	Jeff Zulman
Title:	Non-executive Director
Agreement commenced:	23 November 2014
Date commenced with Group:	23 November 2014
Agreement ceased	30 November 2019
Term of agreement:	No fixed term
Details:	Jeff Zulman was due for and did not offer himself for re-election at the Company's FY2018 AGM due to increased business commitments. Prior to ceasing Jeff Zulman received a director's fee of $35,000 per annum.

Name:	Keith Cullen
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	13 March 2015 or such other date agreed between the executive and the Company. The agreement commenced operation from 1 July 2017.
Term of agreement:	3 years
Date commenced with Group:	10 October 2010
Details:	Annual remuneration of $340,798 inc. superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 6-month termination notice by either party, cash bonus of up to 50% of base salary at the discretion of the Board, non-solicitation and non-compete clauses.

Name:	Chris Kelesis
Title:	Executive Director
Agreement commenced:	13 March 2015 or such other date agreed between the executive and the Company. The agreement commenced operation on 1 July 2017.
Date commenced with Group:	10 October 2010
Term of agreement:	3 years
Details:	Annual remuneration of $217,799 inc. superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 6-month termination notice by either party, cash bonus of up to 40% of base salary at the discretion of the Board and the Managing Director, non-solicitation and non-compete clauses.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Additional disclosures relating to key management personnel

Shareholdings

All shares held by key management personnel are at their discretion as there is no requirement in the Company's constitution, in executive services agreements or letters of engagement for key management personnel to hold shares.

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

Ordinary shares	Balance at start of year	Additions	Disposals	Balance at the end of year
Guy Hedley	387,842	-	-	**387,842**
Jeffrey Zulman	137,266	-	-	**137,266**
Keith Cullen	34,789,007	-	-	**34,789,007**
Chris Kelesis	20,253,099	600,000	-	**20,853,099**
	55,567,214	**600,000**	**-**	**56,167,214**

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

Loans to Key Management Personnel

The Group provided loans to certain key management personnel during the year. The table below sets out the details of the balances of those loans in the aggregate at be beginning and end of the period. Loans outstanding at the end of the current year are unsecured and repayable on demand. There is no interest payable on the loans.

	Balance at 1 July 2018	Interest paid and payable on loan	Interest not charged	Write-downs and doubtful debts	Highest balance during the year	Balance at 30 June 2019	Number in group at year end
Keith Cullen	291,303	-	22,451	-	431,750	431,750	
Chris Kelesis	166,570	-	10,288	-	197,855	197,855	
Total	457,873	-	32,739	-	629,605	629,605	2

Shared facilities agreement

Atlas Advisors Australia Pty Ltd, a company of which Guy Hedley is the chairman and a shareholder, maintains an office space within the Group's Sydney headquarters and Melbourne office and contributes $131,856 per annum to shared facilities. The shared facilities agreement terms and rate are considered as being on an arm's length basis.

This concludes the remuneration report, which has been audited.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

Under Section 307C of the Corporations Act 2001

Lead Auditor's Declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2019 has been received and forms part of the Directors' Report. It can be found on page 13 of the financial report.

Rounding of Amounts

Some amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars in accordance with ASIC Legislative Instrument 2018/191.

Signed in Sydney this 30th day of September 2019 in accordance with a resolution of the Board of Directors of Spring FG Limited.

Guy Hedley **Chairman**	Keith Cullen **Managing Director**

ROTHSAY
CHARTERED ACCOUNTANTS

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor of Spring FG Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Spring FG Limited and the entities it controlled during the year.

Rothsay Chartered Accountants

Frank Vrachas

Partner

Sydney, 30 September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2019

	Note	2019 $	2018 $
Revenue	2	10,457,449	7,381,246
Other income	2	182,259	1,973,682
		10,639,708	9,354,928
Less:			
Direct cost of sales expenses	3	(5,126,760)	(3,273,972)
Employee benefits expense	3	(3,480,692)	(5,095,116)
Advertising & marketing expenses	3	(351,728)	(757,504)
Consulting & professional fee expenses	3	(283,331)	(294,746)
Rental expenses	3	(927,167)	(1,034,129)
Other operating expenses	3	(994,805)	(1,333,790)
		(524,775)	(2,434,330)
Less:			
Finance costs	3	(249,552)	(265,273)
Depreciation & amortisation expense	3	(417,203)	(742,779)
Disposal of intangible assets	3	-	(852,291)
Impairment of goodwill	3	-	(1,250,000)
Loss on disposal of furniture & equipment	3	(2,007)	(10,057)
Profit before income tax		(1,193,537)	(5,554,730)
Income tax benefit	5	264,622	1,224,925
Profit after income tax expenses for the year		(928,915)	(4,329,805)
Other comprehensive income		-	-
Total comprehensive income for the year		(928,915)	(4,329,805)

Earnings per share for profit from continuing operations attributable to the owners of Spring FG Limited

	Note	2019 Cents	2018 Cents
Basic earnings per share (cents)	14	(0.651)	(3.106)
Diluted earnings per share (cents)	14	(0.651)	(3.106)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,045,182	1,243,072
Trade and other receivables	7	1,557,429	1,680,098
Other assets	10	612,805	482,212
Current tax assets/(liabilities)	18	(291,756)	1,354,004
TOTAL CURRENT ASSETS		2,923,660	4,759,386
NON-CURRENT ASSETS			
Trade and other receivables	7	466,501	910,505
Property, plant and equipment	8	486,787	677,842
Deferred tax assets	18	3,326,481	1,399,965
Investments	20(c)	324,609	350,000
Intangible assets	9	7,027,140	7,247,760
TOTAL NON-CURRENT ASSETS		11,631,518	10,586,072
TOTAL ASSETS		14,555,178	15,345,458
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	2,012,951	2,228,665
Employee entitlements	12	155,549	181,960
Borrowings secured	11	290,000	1,080,000
Other liabilities	12	135,000	143,400
TOTAL CURRENT LIABILITIES		2,593,500	3,634,025
NON-CURRENT LIABILITIES			
Trade and other payables	11	223,749	269,791
Employee entitlements	12	127,629	65,819
Borrowings secured	11	625,000	860,000
Borrowings unsecured	11	513,595	513,595
Deferred tax liabilities	18	1,882,662	484,270
TOTAL NON-CURRENT LIABILITIES		3,372,635	2,193,475
TOTAL LIABILITIES		5,966,135	5,827,500
NET ASSETS		8,589,043	9,517,958
EQUITY			
Issued capital	13	18,895,112	18,895,112
Reserves		26,659	26,659
Accumulated Dividends		(6,827,069)	(6,827,069)
Accumulated Profit/Loss		(3,505,659)	(2,576,744)
Retained earnings		(10,332,728)	(9,403,813)
TOTAL EQUITY		8,589,043	9,517,958

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2019

2019	Ordinary Shares	Retained earnings	Option Reserve	Total
	$	$	$	$
Balance at 1 July 2018	**18,895,112**	**(9,403,813)**	**26,659**	**9,517,958**
Profits attributable to members of the parent entity	-	**(928,915)**	**-**	**(928,915)**
Transactions with owners in their capacity as owners	-	-	-	-
Balance 30 June 2019	**18,895,112**	**(10,332,728)**	**26,659**	**8,589,043**

2018	Ordinary Shares	Retained earnings	Option Reserve	Total
	$	$	$	$
Balance at 1 July 2017 (Restated)	17,939,217	(5,074,008)	26,659	12,891,868
Profit attributable to members of the parent entity	-	(4,329,805)	-	(4,329,805)
Transactions with owners in their capacity as owners				
Shares issued during the year	955,895	-	-	955,895
Balance 30 June 2018	18,895,112	(9,403,813)	26,659	9,517,958

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

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		12,035,059	8,990,551
Payments to suppliers and employees		(12,595,527)	(11,133,534)
Net interest received / (paid)		(175,731)	(257,035)
Income taxes (paid)/refunded		1,382,176	(71,908)
Net cash provided by / (used in) operating activities	23	645,977	(2,471,926)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from disposal of risk ledger		360,400	1,441,600
Proceeds from disposal of plant & equipment		11,006	16,258
Proceeds from disposal of 50% of Spring FG Digital Pty Ltd		-	225,000
Purchase of property, plant and equipment		(14,487)	(30,587)
Acquisition of Wealth Today Pty Ltd, net of cash acquired		-	(108,250)
Sale/(Purchase) of intangible assets		(4,054)	(156,364)
Loan to Spring FG Digital Pty Ltd		-	(125,000)
Loans (to) / from related parties – payments made		(171,732)	(135,518)
Net cash provided by / (used in) investing activities		181,133	1,127,139
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		-	1,130,055
Repayment of borrowings		(1,025,000)	(1,140,000)
Net cash provided by / (used in) financing activities		(1,025,000)	(9,945)
Net increase/(decrease) in cash and cash equivalents held		(197,890)	(1,354,732)
Cash and cash equivalents at beginning of year		1,243,072	2,597,804
Cash and cash equivalents at end of financial year	6	1,045,182	1,243,072

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

1. Summary of Significant Accounting Policies

The financial report of Spring FG Limited for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 30 September 2019. The principal accounting policies adopted in the preparation of the financial statements are set out in this Note 1, below. These policies have been consistently applied to all the years presented.

The Group has adopted all of the new, revised or amending Accounting Standards issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The adoption of these Accounting Standards did not have any significant impact on the financial performance or position of the Group.

No new, revised or amending Accounting Standards that are not yet mandatory have been adopted early.

1.a Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards as issued by the Australian Accounting Standards Board and other authoritative pronouncements of the Australian Accounting Standards Board. The Company is a 'for profit company'.

These financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements are based on historical costs, except for the measurement at fair value of selected noncurrent assets, financial assets and financial liabilities.

1.b Current and Non-Current Classification

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

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

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

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

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

1.c Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

1.d Adoption of New and Revised Accounting Standards

The Group has adopted all standards which became effective for the first time at 30 June 2019, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018 (updated from 1 January 2017) however as more fully set out in Note 1 b), above the Group chosen to early-adopt this standard from 1 July 2015.

Accounting Standards and Interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2018 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments - Recognition and Measurement

AASB 9 is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2019.

AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and comprise solely principal and interest.

All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI').

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. Application date to Spring FG Limited is 1 July 2019. When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases typically.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The main changes resulting from the introduction of the new Standard will be:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets) in the Group's Consolidated Statement of Financial Position
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in Consolidated Statement of Profit or Loss and Other Comprehensive Income and unwinding of the liability in principal and interest; and
- additional disclosure requirements will be required.

The operating lease commitments disclosed in Note 17 indicate the impact on the balance sheet of the right of use asset and lease liability and the directors do not consider that there will be a material change to profit or loss by replacing rental expense with depreciation on the right of use asset and interest expense on the lease liability.

1.e Critical Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

A summary of the key matters affected by management's estimates and judgements is set out below in this Note 1 (e).

Revenue

The Group recognises revenue in accordance with AASB 15. Estimates and judgements are used when considering each party's rights related to the services to be provided under contracts; the timing for delivery of same (if applicable); and the contract price and payment terms. In circumstances where the Group acts as an agent, judgement is involved in determining when the Group is entitled to revenue based on the nature and form of the contract. In circumstances where the group acts as a principal, judgment is involved when determining when the performance obligations are fulfilled.

Intangible assets

Intangible assets, other than goodwill generally have finite useful lives. Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost, with finite life intangible assets subsequently measured at cost less amortisation and any impairment.

Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Similarly, goodwill has an indefinite life and is not amortised. Instead, goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

Estimates, assumptions and judgements are used when considering amortisation charges for intangible assets, the method and useful lives of finite life intangible assets and impairment losses on goodwill.

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

Further details of estimates, judgements and assumptions related to intangible assets are included in Note 9, below.

Plant & equipment

Estimates and judgements are used when considering the depreciation method, useful life and residual value of each asset at the end of each annual reporting period. Further details are provided at Note 8, below.

2. Revenue and other income

In accordance with AASB 15, the Group recognises revenue from contracts that establish each party's rights related to the services to be provided; the timing for delivery of same (if applicable); and the contract price and payment terms.

In acting as principal in providing professional services directly to clients (as in the case of financial advice fees, estate planning fees, and accounting and tax advice and compliance work) the Group's contracts are generally based on a formal authority to proceed; an engagement letter; or in some cases written or verbal instructions.

In circumstances when the Group acts as an AFSL Licensee holder and derives revenue generated by authorised representatives, the Group is considered to be acting as an agent under the requirements of AASB 15. Financial advisory fees consist of commissions and fee for service revenue and are earned for providing customers with financial advice and performing related advisory services. A substantial majority of financial advisory fees received are paid to advisers under the AFSL Licence. Financial advisory fees are presented gross of the related cost which is presented in Fees and commission expenses in the financials.

In circumstances where the Group acts as a principal its contracts may contain multiple performance obligations such as when it is engaged to provide financial advice on an ongoing basis and under the same engagement provide ongoing accounting, tax or equities brokerage services (as an example).

The Group's contracts comprise performance obligations around completing client deliverables in line with engagement letter terms (based on the agreed billing method, standard of work and timeline). Certain contracts the Group's bundle a group of services together for an agreed price; such as when it provides its clients ongoing SMSF administration, compliance, real-time accounting and advice services, bundled with year-end compliance and tax services. Under AASB 15, the Group must evaluate the separability of the promised services based on whether they are 'distinct'. A promised service is 'distinct' if both:

- The customer benefits from the item either on its own or together with other readily available resources; and
- It is 'separately identifiable' (i.e. the Group does not provide a significant service integrating, modifying or customising it)

Accounting services revenue is recognised over a period of time, with financial services revenue being recognised at a point in time.

In such circumstances the Group allocates a portion of the contract price to each separately identifiable performance obligation or group of obligations within the bundle and recognises revenue as those obligations are satisfied.

Performance obligations may be satisfied either at a specific point in time (such as the introduction of a buyer under an agency agreement, or execution of an equities trade on behalf of a client); or over time (such as in the case of providing ongoing advice services or monthly accounting or administration services).

Whether acting as principal or agent, the Group generally recognises revenue in arrears of completing its performance obligations and receives payment in arrears when it has satisfied its performance obligations.

In circumstances where the Group invoices, and/or receives payment, in advance of satisfying performance obligations, it recognises unearned revenue until such time as each of the performance obligations in the contract is satisfied.

As at June 2019 the Group has $135,000 in unearned income (contract liabilities) related to year-end compliance and tax-service obligations associated with bundled SMSF administration, compliance, real-time accounting and advice services. The Group expects all performance obligations that were not satisfied as at 30 June 2019 to be satisfied within 12 months and to recognise 100% of the unearned revenue in FY2020.

The Group generally receives prompt payment when it satisfies performance obligations generally resulting in cash flow from a contract/s closely matching revenue from a contract/s during any given reporting period.

The exception to this being real property investment referral fees and commissions associated with residential property projects that the Group's clients have invested in that are yet to be completed.

2. Revenue and other income – continued

	2019	2018
	$	$
Revenue		
- provision of services	10,457,449	7,381,246
Other Income		
- sale of internal risk/ SMSF administration business operations	-	1,827,387
- finance income (interest received)	68,349	8,238
- other income	113,910	138,057
Total Other Income	182,259	1,973,682
	10,639,708	9,354,928

Finance income

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

Shared facilities income

Shared facilities income relates to a sub-lease arrangement at the Group's Sydney offices.

3. Expenses

Details of total expenses

	2019 $	2018 $
Direct costs to generate revenue		
Direct Financial Planning costs	4,734,660	1,958,003
Direct Accounting Services costs	331,140	1,187,506
Direct Real Property costs	42,909	80,537
Direct Finance costs	18,051	47,926
	5,126,760	3,273,972
Employee benefits expense		
Amounts paid to staff	2,919,177	4,209,093
Superannuation	283,410	423,531
Consultants, contractors & directors' fees	83,275	99,831
Other employment expenses	194,830	362,661
	3,480,692	5,095,116
Advertising & marketing expenses	351,728	757,504
Consulting & professional fees		
Audit & taxation fees	112,250	200,264
Legal fees	145,284	77,673
Other professional fees	25,797	16,809
	283,331	294,746
Rental expenses	927,167	1,034,129
Other operating expenses		
Travel & accommodation	84,101	92,965
IT and telephone expenses	234,929	272,147
Insurance	200,974	212,975
Licences, memberships & subscriptions	153,715	169,867
Office equipment and other leases	88,637	125,185
Bad debts written-off	98,356	228,270
Printing, stationery, postage and couriers	39,927	101,806
Other expenses	94,166	130,575
	994,805	1,333,790
Impairment& disposal of intangible assets		
Impairment of goodwill	-	1,250,000
Disposal of intangible assets	-	852,291
Loss on disposal of fixed asset	2,007	10,057
	2,007	2,112,348
Depreciation & amortisation expense		
Fixed assets	202,292	219,717
Intangible assets	214,911	523,062
	417,203	742,779
Finance costs		
Interest paid	249,552	265,273
Total Expenses	11,833,245	14,909,658

4. Operating Segments

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

- Financial planning, investment advice and product sales. This segment includes the provision of a diverse range of financial services encompassing financial planning in self-managed superannuation funds (SMSFs) and direct and SMSF residential real estate investment; and
- Accounting and taxation services. This segment includes the provision of a comprehensive range of accounting and taxation advice and solutions for investors and small to medium businesses.

All other transactions are recorded as All other segments. Other income within All other segments includes the gain on the sale of the Group's internal SMSF administration business and risk business. Included in EBITDA of All other segments are Group overhead expenses.

These operating segments are based on the internal reports on at least a monthly basis that are reviewed and used by the Managing Director and Board. The Managing Director has been identified as the CODM, as they assess performance and determine the allocation of resources. There is no aggregation of operating segments. The CODM reviews segment profits (Segment EBITDA). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements of the consolidated entity. All sales were made in Australia and all assets are within in Australia. No single customer represents more than 10% of group revenue. The table below sets out the performance of each operating segment.

(a) Segment performance

2019	Fin planning investment advice & product sales	Accounting & tax services	All other segments	Total
	$	$	$	$
REVENUE				
Sales	8,990,657	1,254,317	212,475	10,457,449
Other income	3,473	55,355	55,082	113,910
Interest revenue	35	4	68,310	68,349
Total segment revenue	8,994,165	1,309,676	335,867	10,639,708
EBITDA	1,884,130	676,139	(3,085,045)	(524,776)
Interest expenses	(223,012)	-	(26,540)	(249,552)
Depreciation & amortisation	(45,374)	-	(373,836)	(419,210)
Net profit before tax	1,615,744	676,139	(3,485,421)	(1,193,538)

2018	Fin planning investment advice & product sales	Accounting & tax services	All other segments	Total
	$	$	$	$
REVENUE				
Sales	6,141,169	1,240,077	-	7,381,246
Other income	-	-	1,965,444	1,965,444
Interest revenue	109	3	8,126	8,238
Total segment revenue	6,141,278	1,240,080	1,973,570	9,354,928
EBITDA	(3,394,540)	(197,944)	(954,194)	(4,546,678)
Interest expenses	(257,108)	(1)	(8,164)	(265,273)
Depreciation & amortisation	(709,356)	(33,423)	-	(742,779)
Net profit before tax	727,602	77,567	773,309	1,578,478

(b) Segment assets

2019	Fin planning investment advice & product sales	Accounting & tax services	All other segments	Total
	$	$	$	$
Segment assets	6,587,327	1,725,826	6,242,025	14,555,178
Segment liabilities	(1,985,488)	(480,867)	(3,499,780)	(5,966,135)
Net assets	4,601,839	1,244,959	2,742,245	8,589,043

2018	Fin planning investment advice & product sales	Accounting & tax services	All other segments	Total
	$	$	$	$
Segment assets	6,744,515	1,691,137	6,909,806	15,345,458
Segment liabilities	(4,657,473)	(424,544)	(745,483)	(5,827,500)
Net assets	2,087,042	1,266,593	6,164,323	9,517,958

5. Income Tax Expense

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered, or liabilities settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits.
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.
- Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

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

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

	2019	2018
	$	$
Current tax payable	-	-
(Increase)/decrease in movement in deferred tax asset	(1,926,516)	(1,051,214)
Increase/(decrease) in movement in deferred tax liability	1,398,392	(16,199)
Increase/decrease in movement in current tax liability	263,502	-
Overprovision of tax in prior years	-	(157,512)
Income tax expense for continuing operations	(264,622)	(1,224,925)

(b) Reconciliation of income tax to accounting profit

	2019	2018
	$	$
Profit	(1,193,537)	5,554,730
Tax	27.5%	27.5%
	(328,223)	(1,527,551)
Add:		
Tax effect of:		
- amortisation of intangibles	59,101	487,592
- other non-assessable income or deductible expense	4,500	373
	(264,622)	(1,039,586)
Less:		
Tax effect of:		
- Other non-deductible expenses	-	185,339
Income tax benefit	(264,622)	(1,224,925)

6. Cash & cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Short-term deposits are for set periods of no more than 3 months. The Group's approach to managing risk exposure associated with cash and cash equivalents is set out in Note 16 below.

Cash & Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

	2019	2018
	$	$
Cash at hand and in bank	587,822	797,507
Short-term deposits	457,360	445,565
Balance as per statement of cash flows	1,045,182	1,243,072

7. Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment.

Trade receivables for professional service fees and accounting & tax services are generally received within 30 to 60 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired.

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any allowance for impairment.

(a) Current & non-current trade receivables

	2019 $	2018 $
CURRENT		
Trade receivables	468,952	582,170
Allowance for impairment	(75,540)	(67,138)
	393,412	515,032
Loan to related parties	629,605	457,873
Other receivables	534,412	707,193
	1,164,017	1,165,066
Total current trade and other receivables	1,557,429	1,680,098
NON-CURRENT		
Trade receivables	466,501	910,505
Total non-current trade and other receivables	466,501	910,505
	2,023,930	2,590,603

(b) Advances to executives

Movements in advances to executives are shown in table below:

	2019 $	2018 $
Balance at beginning of the year	457,873	322,355
Advances	171,732	135,518
Repayments	-	-
Balance at end of the year	629,605	457,873

(c) Credit Risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as 'trade and other receivables' is considered to be the main source of credit risk related to the Group.

The table in 7 (e) below details the Group's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction.

Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Group.

(d) Impairment of trade & other receivables

An allowance for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired.

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly.

	Gross amount	Past due & impaired	Within initial trade terms
2019	**$**	**$**	**$**
Trade & other receivables	935,453	(75,540)	859,913
Other receivables	1,164,017	-	1,164,017
Total	2,099,470	(75,540)	2,023,930

	Gross amount	Past due & impaired	Within initial trade terms
2018	$	$	$
Trade & other receivables	1,492,675	(67,138)	1,425,537
Other receivables	1,165,066	-	1,165,066
Total	2,657,741	(67,138)	2,590,603

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

8. Plant & equipment

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

The Group has recognised a make good clause provision at its head office of $144,000 amortised over the period of lease, of 72 months.

Depreciation

Plant and equipment is depreciated on a reducing balance basis over the assets useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Plant and Equipment	10% - 20%
Leasehold improvements	16.66%
Low Value Asset Pool	25%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

	2019 $	2018 $
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	478,711	480,065
Accumulated depreciation	(360,949)	(294,720)
Total furniture, fixtures and fittings	117,762	185,345
Office equipment		
At cost	89,325	105,265
Accumulated depreciation	(58,811)	(52,852)
Total office equipment	30,514	52,413
Leasehold improvements		
At cost	666,747	659,912
Accumulated depreciation	(328,236)	(219,828)
Total improvements	338,511	440,084
Total plant and equipment	486,787	677,842
At cost	1,234,783	1,245,242
Accumulated depreciation	(747,996)	(567,400)
Total plant and equipment	486,787	677,842

(b) Movements in carrying amounts of plant and equipment

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

	Furniture, fixtures and fittings	Office equipment	Leasehold improvements	Total
Year ended 30 June 2019				
Balance beginning of year	**185,345**	**52,413**	**440,084**	**677,842**
Additions	**5,883**	**554**	**8,050**	**14,487**
Disposals	**(2,035)**	**-**	**(1,215)**	**(3,250)**
Depreciation expense	**(71,431)**	**(22,453)**	**(108,408)**	**(202,292)**
Balance at the end of the year	**117,762**	**30,514**	**338,511**	**486,787**
Year ended 30 June 2018				
Balance beginning of year	273,086	61,986	542,433	877,505
Additions	4,308	9,277	32,784	46,369
Disposals	-	-	(26,315)	(26,315)
Depreciation expense	(92,049)	(18,850)	(108,818)	(219,717)
Balance at the end of the year	185,345	52,413	440,084	677,842

9. Intangible assets

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

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment.

Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

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

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

Estimation of useful life of assets

Finance revenue books acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit. The expected benefit of acquired finance revenue books, based on the typical duration of investor loans with assumptions made about patterns of repayment and refinancing, is 7.5 years.

The eBook library acquired in a business combination is amortised on a straight-line basis over the period of their expected benefit, considered to be 10 years. Any costs associated with adding to the eBook library or significantly updating existing eBooks are capitalised and considered to be a 'new' eBook which is them amortised over its useful life. The useful life of an eBook is considered to be 10 years.

Goodwill impairment disclosure

For the purpose of impairment testing, goodwill and indefinite life intangibles are allocated to cash-generating units which form part of or are based on the Group's operating divisions.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

The aggregate carrying amount of goodwill allocated to each CGU is:

Description of the cash-generating unit (CGU)	2019	2018
	$	$
Financial planning, investment advice & product sales	4,666,284	4,666,284
Accounting & taxation services	1,480,000	1,480,000
Total	6,146,284	6,146,284

The recoverable amount of each cash-generating unit above is determined based on fair value less cost of disposal. There is sufficient information available in the market to determine fair value of each CGU.

(a) Intangible assets

	2019	2018
	$	$
Goodwill		
Financial advice business - at cost	4,666,284	4,666,284
Accounting & tax business - at cost	1,480,000	1,480,000
Total Goodwill	6,146,284	6,146,284
Website development		
Cost	474,163	674,528
Accumulated amortisation	(212,567)	(321,076)
Net carrying value	261,596	353,452
Finance Income book		
Cost	198,000	198,000
Accumulated amortisation	(129,087)	(102,687)
Net carrying value	68,913	95,313
eBook library		
Cost	298,626	311,904
Accumulated amortisation	(89,505)	(60,629)
Net carrying value	209,121	251,275
Lead Database		
Cost	84,773	84,773
Accumulated amortisation	(33,948)	(25,470)
Net carrying value	50,825	59,303
Insurance income book		
Cost	117,313	117,313
Accumulated amortisation	(34,345)	(26,524)
Net carrying value	82,968	90,789
Other intangible assets		
Cost	297,687	300,673
Accumulated amortisation	(90,254)	(49,329)
Net carrying value	207,433	251,344
Total Intangibles net carrying value	7,027,140	7,247,760
Summary		
Cost	1,470,562	7,833,475
Accumulated amortisation	(589,706)	(585,715)
Net carrying value	7,027,140	7,247,760

(c) Movements in carrying amounts of intangible assets

	Website development	Insurance book	Finance income book	Lead database
Year ended 30 June 2019	$	$	$	$
Balance beginning of year	353,452	90,789	95,313	59,303
Additions	-	-	-	-
Disposals	-	-	-	-
Amortisation and impairment	(91,856)	(7,821)	(26,400)	(8,478)
Balance at the end of year	261,596	82,968	68,913	50,825

	eBook library	Other intangibles	Goodwill	Total
Year ended 30 June 2019	$	$	$	$
Balance beginning of year	251,275	251,344	6,146,284	7,247,760
Additions	-	4,054	-	4,054
Disposals	(9,763)	-	-	(9,763)
Amortisation and impairment	(32,391)	(47,965)	-	(214,911)
Balance at the end of year	209,121	207,433	6,146,284	7,027,140

	Website development	Insurance book	Finance income book	Lead database
Year ended 30 June 2018	**$**	$	$	$
Balance beginning of year	552,764	986,090	121,533	67,780
Additions	47,102	-	-	-
Disposals	-	(852,291)	-	-
Amortisation and impairment	(246,414)	(43,010)	(26,220)	(8,477)
Balance at the end of year	353,452	90,789	95,313	59,303

	eBook library	Other intangibles	Goodwill	Total
Year ended 30 June 2018	**$**	$	$	$
Balance beginning of year	237,550	365,285	6,216,730	8,547,732
Additions	43,233	66,026	1,637,950	1,794,311
Disposals	-	(10,534)	(458,396)	(1,321,221)
Amortisation and impairment	(29,508)	(169,433)	(1,250,000)	(1,773,062)
Balance at the end of year	251,275	251,344	6,146,284	7,247,760

10. Other Assets

	2019	2018
	$	$
CURRENT		
Prepaid expenses and deposits	224,507	246,696
Accrued income	363,298	210,516
Other assets & receivables	25,000	25,000
	612,805	482,212

11. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid.

All amounts in trade and other payables due to be paid in the short term are classified as current liabilities. These amounts are unsecured and are usually paid within 30 days of recognition. Those amounts due to be paid after 12 months are classified as non-current liabilities. Carrying values of trade and other payables are considered to be a reasonable approximation of fair value.

	2019	2018
	$	$
CURRENT		
Unsecured liabilities		
Trade payables	943,990	812,991
GST payable	190,375	212,358
Superannuation payable	81,300	98,113
Payroll tax payable	23,203	31,639
Accrued wages and sales commissions	632,583	531,700
Accrued professional services	67,408	287,425
Accrued occupancy costs	31,240	37,488
Interest accrued	29,852	24,367
Other accruals	13,000	192,584
	2,012,951	2,228,665
Secured liabilities		
Borrowings - Receivables facility	290,000	1,080,000
NON-CURRENT		
Unsecured liabilities		
Trade payables	3,953	25,003
Accrued occupancy costs	219,796	244,788
	223,749	269,791
Convertible note	513,595	513,595
Secured liabilities		
Borrowings - Receivables facility	625,000	860,000

(a) Borrowings – Receivables facility

The Group has a loan facility secured by property related receivables of its Spring FG Realty subsidiary and the Group's future settlement receivable book (and guaranteed by the Company) to enable it to leverage these receivables to access working and expansion capital.

Under the facility, as at 30 June 2019 the Group had a balance of $915k outstanding, principal and interest payments are made in accordance with an agreed schedule over a 30-month period from 1 February 2018. Principal payments are scheduled to correlate with the Group's expected receipt of settlement commissions.

The Group may make principal payments in excess of the schedule, and/or repay the facility in full at any time during the term without penalty. The facility agreement has an interest rate of 12%.

12. Other Liabilities

In circumstances where the Group invoices, and/or receives payment, in advance of satisfying performance obligations, it recognises unearned revenue until such time as each of the performance obligations in the contract is satisfied.

As at June 2019 the Group has $135,000 in unearned income (contract liabilities) related to year-end compliance and tax-service obligations associated with bundled SMSF administration, compliance, real-time accounting and advice services.

The Group expects all performance obligations that were not satisfied as at 30 June 2019 to be satisfied within 12 months and to recognise 100% of the unearned revenue in FY2019.

	2019	2018
	$	$
CURRENT		
Unearned income	135,000	143,400
	135,000	143,400

Employee Entitlements

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

Short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and leave entitlements are expected to be settled within 12 months of the reporting date and recognised in current liabilities in respect of employees' services up to the reporting date; measured at the amounts expected to be paid when the liabilities are settled.

	2019	2018
	$	$
CURRENT		
Leave liabilities		
- Present value obligations	155,549	181,960
	155,549	181,960
NON-CURRENT		
Leave liabilities		
- Present value obligations	127,629	65,819
	127,629	65,819

13. Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects

Dividends payable to shareholders are recognised when declared during the financial year and no longer at the discretion of the Company.

	2019	2018
	No.	No.
At the beginning of the reporting period	142,590,868	136,218,237
Issued 2 January 2019 – acquisition of Wealth Today	-	6,372,631
At the end of the reporting period	142,590,868	142,590,868

Movements in issued capital

(a) Ordinary shares

	2019	2018
	$	$
Balance at beginning of reporting period	18,895,112	17,939,217
Issued 2 January 2019 – acquisition of Wealth Today	-	955,895
	18,895,112	18,895,112

(b) Voting rights

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Group. On a show of hands at meetings of the Group, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote. The Group does not have authorised capital or par value in respect of its shares.

There are no options or rights outstanding.

(c) Capital Management

Capital of the Group is managed in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and to ensure that the Group can fund its operations and continue as a going concern.

The Group's capital comprises share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements, except base level financial requirements prescribed in the Australian Financial Services Licence held by the Company's subsidiaries Spring FG Wealth Pty Ltd and Wealth Today Pty Ltd.

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

14. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share adjusts the basic earnings per share to take into account the after-income tax effect of financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	2019 $	2018 $
Profit (loss) after income tax	(928,915)	(4,329,805)

	2019 No.	2018 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	142,590,868	139,387,566
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	142,590,868	139,387,566

Earnings per share for profit from continuing operations attributable to the owners of Spring FG Limited	2019	2018
Basic earnings per share (cents)	(0.651)	(3.106)
Diluted earnings per share (cents)	(0.651)	(3.106)

15. Dividends

The Company has not paid any dividends during the year and to the date of this report.

(a) Dividend Re-investment Plan (DRP)

The Company operates a Dividend Reinvestment Plan (DRP) that offers shareholders the opportunity to purchase additional shares in the Company by reinvesting part or all of their periodic dividends.

Under the terms of the DRP the Directors have the ability to limit the amount of dividend which may be invested in subscription for shares under the DRP; determine the issue price for each issue of shares under the DRP and (for so long as the Company is listed on the ASX) determine the discount to the weighted average market price that will be used to calculate the issue price for each issue of shares under the DRP; and suspend, amend or terminate the DRP.

(b) Franking credits

	2019 $	2018 $
Opening franking account balance	(281,303)	(136,231)
Company tax paid/ (refund)	(1,382,176)	(145,072)
Franked dividends paid	-	-
	(1,663,479)	(281,303)

16. Financial risk management

Financial risk management summary

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

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

The Group does not speculate in financial assets.

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

Specific risks

- Liquidity risk
- Credit risk

Financial instruments used

The principal categories of financial instrument used by the Group are:

- Trade receivables
- Cash at bank
- Trade and other payables

Objectives, policies and processes

Risk management is carried out by the Directors. The Audit and Risk Committee has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Group. These policies and procedures are then approved by the Directors.

Reports are presented to the Directors regarding the implementation and management of these policies by the Audit and Risk Committee under the delegated power from the Board of Directors.

Specific information regarding the mitigation of each financial risk to which the Group is exposed is provided below.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period is identified monthly.

At the reporting date, these reports indicate that the Group is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

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

	Less than 12 months		1 year – 5 years	
	2019	2018	2019	2018
	$	$	$	$
Trade & other payables	**2,012,951**	2,228,665	**223,749**	269,791
Borrowings	**290,000**	1,080,000	**1,138,595**	1,373,595
Total	**2,302,951**	3,308,665	**1,362,344**	1,643,386

Credit risk

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

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

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Group's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

The allowance for impairment of receivables assessment requires a degree of estimation and judgement. The level of allowance is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors' financial position.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Interest rate risk

Interest Rate Risk does not arise within the Group, as there is no exposure to variable interest rates. The secured financing facility set out in Note 11 (a) has a fixed interest rate and is recorded at fair value.

17. Capital and leasing commitments

	2019 $	2018 $
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	910,082	855,157
- between one year and five years	1,507,346	1,415,831
	2,417,428	2,270,988

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

The total operating lease commitments of $2,417,428 above include:

- A total of $1,553,602 relates to the Group's Sydney office premises which at the reporting date had a lease expiry date of 1 November 2021.
- A total of $647,483 relates to the Group's Melbourne office premises which at the reporting date had a lease expiry date of 30 November 2022.
- A total of $95,756 relates to the Group's Perth office premises which at the reporting date had a lease expiry of 30 September 2021.
- A total of $120,587 associated with IT and office equipment and operating systems within the Sydney, Melbourne and Brisbane offices.

18. Tax assets and liabilities

(a) Current tax assets

	2019 $	2018 $
Current tax payable for the period	-	-
Income tax payable carried forward	291,756	(1,196,492)
Tax on prior period error adjustment	-	(157,512)
Income tax payable (receivable)	291,756	(1,354,004)

(b) Recognised deferred tax assets and liabilities

	2019	2018
	$	$
Deferred tax assets	3,326,481	1,399,965
Deferred tax liabilities	1,882,665	484,270

(c) Movement in recognised deferred tax assets and liabilities

	Opening Balance	Charged to Income	Closing Balance
	$	$	$
Deferred tax assets			
Provisions	83,389	(10,905)	72,484
Tax losses	1,164,332	350,952	1,515,284
Employee entitlements	68,139	9,735	77,874
Accruals	22,742	(9,377)	13,365
Unused tax credits	-	1,647,474	1,647,474
Black hole expenses	61,363	(61,363)	-
Balance at 30 June 2019	**1,399,965**	**1,926,516**	**3,326,481**
Deferred tax assets			
Provisions	58,439	24,950	83,389
Tax losses	-	1,164,332	1,164,332
Employee entitlements	141,120	(72,981)	68,139
Accruals	15,072	7,670	22,742
Black hole expenses	134,120	(72,757)	61,363
Balance at 30 June 2018	348,751	1,051,214	1,399,965

Deferred tax liabilities	Opening Balance	Charged to Income	Closing Balance
	$	$	$
Amortisation – intangible assets	452,199	–	452,199
Unused tax credits	-	1,383,891	1,383,891
Prepayments	32,071	14,504	46,575
Balance at 30 June 2019	**484,270**	**1,398,395**	**1,882,665**
Deferred tax liabilities			
Amortisation – intangible assets	452,199	–	452,199
Prepayments	48,270	(16,199)	32,071
Balance at 30 June 2018	500,469	(16,199)	484,270

19. Auditors remuneration

Audit services

The table below shows the amounts paid to Rothsay Audit & Assurance Pty Ltd (the current auditor of the parent entity) from 1 July 2017.

	2019	2018
	$	$
Auditing or reviewing the financial reports:		
– Remuneration to Rothsay	115,266	30,000
– Remuneration to BDO	-	96,565
Total	115,266	126,565

20. Interest in subsidiaries

(a) Principles of consolidation

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

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

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

Parent entity

The Company was incorporated on 10 April 2014 and is listed on the Australian Stock Exchange (ASX: SFL).

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

(b) Composition of the Group

Name of entities	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2019	Percentage Owned (%)* 2018
Wealth Today Pty Ltd	Australia	100	100
Spring FG Wealth Pty Ltd	Australia	100	100
Spring FG Realty Pty Ltd	Australia	100	100
Spring FG Finance Pty Ltd	Australia	100	100
Spring FG Accounting Pty Ltd	Australia	100	100
Spring FG Services Pty Ltd	Australia	100	100
SFG Private Wealth Pty Ltd (incorporated 26 Oct 2018)	Australia	100	-
Spring FG Funds Management Pty Ltd	Australia	100	100
SRPT Holdings Pty Ltd	Australia	100	100
mysuper247 Pty Ltd	Australia	100	100
mytax247 Pty Ltd	Australia	100	100
Spring FG Digital Pty Ltd	Australia	50	50

(c) Investments

	2019 $	2018 $
Movements during the period, in equity accounted investment in JV		
Balance at beginning of period	**350,000**	-
Add: Disposal of subsidiary Spring FG Digital resulting in JV arrangement	**-**	350,000
Add: Share of JV company's profit after income tax	**(25,391)**	-
Balance at end of period	**324,609**	350,000

21. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2019 (30 June 2018: None).

22. Transactions with related parties

(a) Summary of related parties

(i) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

(ii) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members. During the year, there were no transactions undertaken with any Director related entities other than those disclosed below and in Notes 22 (c) and (d).

(b) Remuneration of key management personnel

	2019 $	2018 $
Short-term employee benefits	585,373	1,016,145
Long-term employee benefits	71,234	-
Post-employment benefits	37,266	74,492
Share-based payments	-	-
Total	693,873	1,090,637

(c) Loans to key management personnel

The Group provided loans to certain key management personnel during the year. The table below sets out the details of the balances of those loans in the aggregate at be beginning and end of the period. Loans outstanding at the end of the current year are unsecured and repayable on demand. There is no interest payable on the loans.

	Balance at 1 July 2018	Interest paid and payable on loan	Interest not charged	Write-downs and allowances for doubtful debts	Highest balance during the year	Balance at 30 June 2019	Number in group at end of year
Total	457,873	-	32,739	-	629,605	629,605	2

(d) Other transactions with key management personnel

Shared facilities agreement

Atlas Advisors Australia Pty Ltd, a company of which Guy Hedley is the chairman and a shareholder, maintains an office space within the Group's Sydney headquarters and Melbourne offices and contributes $131,856 per annum to shared facilities. The shared facilities agreement terms and rate are considered as being on an arm's length basis.

23. Cash flow information

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

	2019 $	2018 $
Net profit (loss)	(928,915)	(4,329,805)
Income items excluded from operating activities cash flows		
Non-cash flows in profit or loss		
Depreciation and amortisation	202,292	219,717
Amortisation of intangibles	214,911	523,062
Write-off of goodwill	-	1,250,000
(Profit)/loss on disposal of plant & equipment and intangible assets	2,007	(920,722)
Equity accounted loss on associate	25,391	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	377,868	1,873,469
- (increase)/decrease in deferred tax receivable	-	(1,051,214)
- (increase)/decrease in other assets	(130,591)	(25,068)
- increase/(decrease) in trade and other payables	(270,034)	343,073
- increase/(decrease) in income taxes	1,117,269	(245,619)
- increase/(decrease) in employee entitlements	35,400	(108,819)
Cashflow from operations	645,977	(2,471,926)

24. Parent entity information

Set out below is the supplementary financial information about the parent entity of the Group (Spring FG Limited) presented on a stand-alone basis - that is, excluding the consolidation of the financial statements of its subsidiaries and controlled entities.

The parent entity is a non-operating entity.

	2019 $	2018 $
ASSETS		
Current assets	695,168	2,078,624
Non-current assets	30,682,853	17,474,333
TOTAL ASSETS	31,378,021	19,552,957
LIABILITIES		
Current liabilities	668,322	6,819,748
Non-current liabilities	19,766,973	1,023,837
TOTAL LIABILITIES	20,435,295	7,843,585
NET ASSETS	10,942,726	11,709,372
EQUITY		
Issued capital	18,895,112	18,895,112
Options Reserve	26,659	26,659
Retained earnings	(7,979,040)	(7,212,399)
TOTAL EQUITY	10,942,731	11,709,372
Current year earnings before tax	(856,832)	(863,009)

25. Business Combinations – Finalisation of provisional accounting

On 1 January 2018 Spring FG Limited acquired Wealth Today Pty Ltd including all tangible and intangible assets and liabilities. The acquisition represented significant opportunity to expand our B2B operations within the financial services sector.
For 30 June 2018, this business combination had initially been accounted for on a provisional basis in accordance with AASB 3 Business Combinations. Therefore, the fair value of assets acquired, liabilities and contingent liabilities assumed were initially estimated by the Group taking into consideration all available information at the reporting date. At 30 June 2018 the Group recorded goodwill as the only intangible asset. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and therefore may have an impact on the assets and the liabilities, depreciation and amortisation reported.
The Group has finalised the accounting for this business combination and in doing so has not recorded any adjustment to the provisional accounting.

26. Events Occurring After the Reporting Date

Extraordinary General Meeting (EGM)

On 27 September 2019, the Group lodged a draft Notice of Extraordinary General Meeting (EGM) with the ASX for approval. Subject to, and upon approval by the ASX, a notice of meeting, explanatory memorandum and proxy form for an EGM to be held on or about Friday 8 November 2019 will be dispatched to shareholders.

The matters to be put to the meeting which are the approval of a change of name for the Company and issue of convertible notes (Convertible Notes) are set out in more detail below.

Name change

The first resolution proposed to be put to the meeting will be to change the name of the Company from Spring FG Limited to WT Financial Group Limited.

Changing the name of the head company reflects the evolution of the business and operations of the Group to include a much greater focus on the provision of licensing and support services on a "business-to-business" basis under its Wealth Today Pty Ltd dealer group.

The Group intends to continue its direct-to-consumer operations under the *Spring Financial Group* banner (in a significantly rationalised format) in both the immediate and longer term.

The Company has reserved the ASX code of WTL for use subject to, and from the date of, approval of the name change.

Convertible Note issue

The second resolution proposed to be put before the meeting will be to approve the issue of Convertible Notes to raise up to $2.6M.

If approved and fully subscribed the notes will be issued (within three months from the date of approval) to wholesale and sophisticated investors and will be convertible to up to a maximum of 40,000,000 shares at between $0.065 and $0.085 per share, will have maturity dates of between 2 and 3 years, and interest rates of between 8.25% pa and 8.75% pa. The Convertible Notes will not be quoted on the ASX.

Share Purchase Plan

On 27 September 2019 the Company also lodged a notice of a Share Purchase Plan (SPP) to provide shareholders who were on the register as at 26 September 2019, including those who would not be able to participate in the Convertible Note issue, the opportunity to acquire a minimum of $2,000 and up to $30,000 of new fully paid ordinary shares in the Company with no transaction or brokerage costs.

Eligible shareholders who participate in the SPP will be able to acquire the Company's shares at an issue price of A$0.05 per share, which represents a discount of 9.8% to the closing price on 26 September 2019, and a 30% discount to the minimum conversion price of the proposed Convertible Note issue.

The SPP aims to raise approximately $1.0M to 1.5M and is not underwritten. The Company may determine to raise a higher amount or decide to scale back applications under the SPP.

The SPP is scheduled to open on Friday 4 October 2019 and is expected to close on Tuesday 22 October 2019.

The terms and conditions of the SPP will be set out in an offer booklet intended to be lodged later today and expected to be dispatched in electronic and printed forms to eligible shareholders.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

The financial report was authorised for issue on 30 September 2019 by the board of directors.

This declaration is made in accordance with a resolution of the board of directors.

(1) In the opinion of the Directors:

(a) The financial statements, notes and the additional disclosures included in the Directors' Report designated as audited, of the consolidated entity are in accordance with the Corporations Act 2001 and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ending 30 June 2019.

Signed in accordance with a resolution of the Directors.

Guy Hedley	Keith Cullen
Chairman	**Managing Director**

SPRING FG LIMITED

INDEPENDENT AUDITOR'S REPORT

To the members of Spring FG Limited:

Opinion

We have audited the financial report of Spring FG Limited (the "Company") and its controlled entities (the "Group"), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

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

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

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

A Level 1/12 O'Connell Street
Sydney NSW 2000
GPO Box 542
Sydney NSW 2001
P 02 8815 5400
F 02 8815 5401
E info@rothsay.com.au
W www.rothsay.com.au

Key Audit Matter - Going Concern	How our Audit Addressed the Key Audit Matter
We note that the financial statements have been prepared on a going concern basis. We note that the Group has a cash balance of $1.05 million, current assets of $3.22 million, current liabilities of $2.89 million and net current assets of $0.33 million. We also note that the company incurred a loss for the year of $0.93 million and had cash inflows from operations of $1.01 million. Going concern was therefore considered a key audit matter.	We considered the current financial position of the Group, Management's forecasts, including plans to return the Group to profitability, actions taken to strengthen balance sheet and results subsequent to year end.
Key Audit Matter - Impairment Assessment of Intangible Assets	**How our Audit Addressed the Key Audit Matter**
At 30 June 2019 the Group has recorded intangible assets of $7,027,140. The recorded value of intangible assets is assessed for recoverability by the directors at least annually or more frequently if events or changes in circumstances indicate that the asset may have suffered an impairment. Recoverability is assessed by firstly determining the assets fair value less costs to sell. The value derived is then compared with the recorded value of the intangible assets and if lower, an impairment charge will be recorded. This was considered a key audit matter given the significant judgement involved in assessing the recoverable amount of these assets.	We checked the calculations and assessed the reasonableness of inputs into the directors' analysis. We considered the appropriateness of the recoverability assessment and considered whether it was in line with Australian Accounting Standards and generally accepted accounting principles. We assessed whether the disclosures included in the financial report meet the requirements of Australian Accounting Standards.
Key Audit Matter - Income Taxes	**How our Audit Addressed the Key Audit Matter**
We also note that the Group incurred taxable losses in the current year. These have been recognised as a deferred tax asset. This was considered a key audit matter given the significant judgement in determining the appropriateness of recording these carry forward losses as a deferred tax asset.	We considered the Group's historical profitability, Management's plans to return the Group to profitability and results subsequent to year end to determine if it is probable that the deferred taxes will be utilised.

INDEPENDENT AUDITOR'S REPORT (continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibility of Directors for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 11 of the Directors' Report for the year ended 30 June 2019. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion on the Remuneration Report

In our opinion, the Remuneration Report of Spring FG Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Rothsay Audit & Audit Pty Ltd

Frank Vrachas
Director

Sydney, 30 September 2019

THIS PAGE BLANK

SPRING FG LMITED
ABN 87 169 037 058

Sydney
Head Office
Level 11, 95 Pitt St
Sydney NSW 2000
T 02 9248 0422

Melbourne
Ground Floor
99 King Street
Melbourne VIC 3000

Brisbane
Level 36, Riparian Plaza
71 Eagle St
Brisbane QLD 4000

Canberra
Level 9, NewActon Nishi
2 Phillip Law St
Canberra ACT 2601

Perth
Suite 2
33 Cedric St
Sterling WA 6021