FIDUCIAN

INTEGRITY • TRUST • EXPERTISE

Fiducian Group

Annual Report 2021

SILVER ANNIVERSARY 25 YEARS

Contents

Milestones

1996
Fiducian Porftolio Services (FPS) founded by Indy Singh as independent financial services and funds management company

1997
Fiducan launches master funds, client admin and financial planning services for adviser groups

1998
Two more services launched: superannuation and investment

1999
Fiducian Strategic Asset Allocation software launched for planners

2000
Fiducian lists on the ASX and Fiducian Portfolio Review software released

2001
Internally developed financial planning software Fiducian Online Resource Centre (FORCe) launched

2002
Fiducian Financial Services (FFS) established and new national headquarters opened at York Street, Sydney NSW

2003
FORCe goes online as does Fiducian Online for investors. Fiducian buys Bodinnars Personal Financial Planners

2004
FORCe FP financial planning software released for advisers

2005
Fiducian buys Money & Advice, a Tasmanian financial planning company

2006
Bodinnars Personal Financial Planner and Money & Advice commence trading as Fiducian Financial Services

2007
Funds Under Management top $1 billion

2008
Fiducian weathers Global Financial Crisis and delivers on its shareholder commitments without impacting staff with salary cuts or redundancies

2009
Fiducian Business Services launched for business growth development activities

2010
Fiducian sponsors Fiducian Legends: Australian PGA Senior championship

2011
FORCe Desktop v3 debuts with new interface, navigation and tools

2012
Fiducian migrates to FasTrack, a state-of-the-art in-house platform admin system

2013
Fiducian Accountants & Business Advisers (FABA) buys practices on Sunshine Coast QLD

2014
FoFA-compliant advice and products released through FFS and FPS

2015
Company re-structures into Fiducian Group Ltd (FGL)

2017
Fiducian gross revenue climbs to $40 million

2019
Fiducian acquires MyState Retail Financial Planning Business in Tasmania

2020
COVID-19 impacts financial markets but Fiducian continues to deliver on profit growth with Gross revenue breaking the $50 million barrier

2021
FGL FUMAA surges past $10 billion

Financial Highlights

For 2021

Fund Performance

	3 yrs	5 yrs	7 yrs	10 yrs
Growth	2/173	1/167	1/161	2/146
Ultra Growth	2/123	1/116	1/106	1/96
Balanced	13/173	7/167	3/161	8/146
Cap Stable	15/106	9/102	6/97	7/89

Flagship funds performance ranking for three, five, seven and ten years to 30 June 2021 against all funds in the Morningstar survey.

Statistical NPAT

$12.2m

▲ 16%

UEBITDA*

$19.2m

▲ 10%

UNPAT*

$14.1m

▲ 11%

Dividends

26.90c

▲ 17%

Net Inflows

$228m ▲ 5%

FUMAA*

$10.4b ▲ 30%

Financial Planners

72 Aligned Planners & Associates

Offices

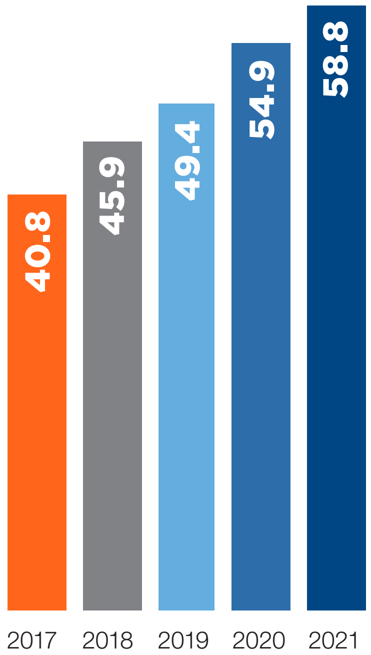
46 Offices across Australia

* (UEBITDA) – Underlying Earnings Before Interest Tax Depreciation Amortisation, no AASB16 adjustment on lease rent and interest on lease liability
(UNPAT) – Underlying Net Profit After Tax, no AASB16 adjustment on lease rent and interest on lease liability
(FUMAA) – Funds Under Management, Advice and Administration

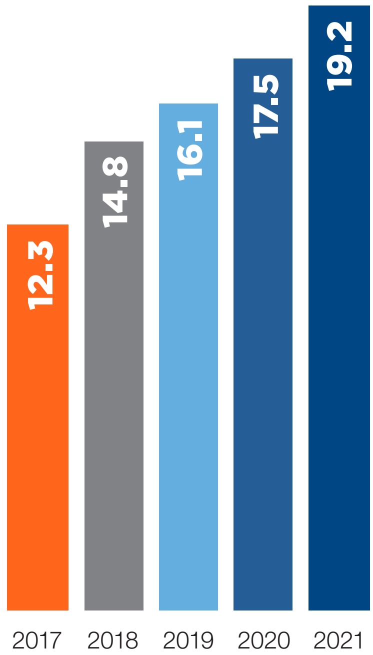
Financial Highlights (Continued)

For 2021

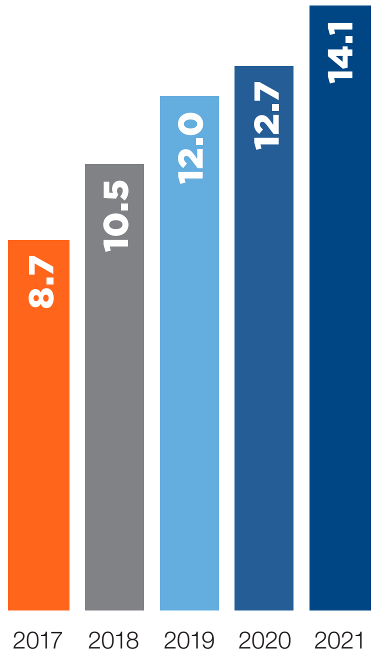
Revenue
($ million)



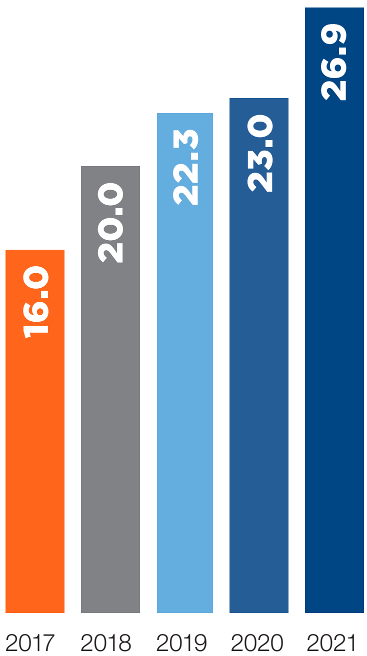
Underlying EBITDA
($ million)



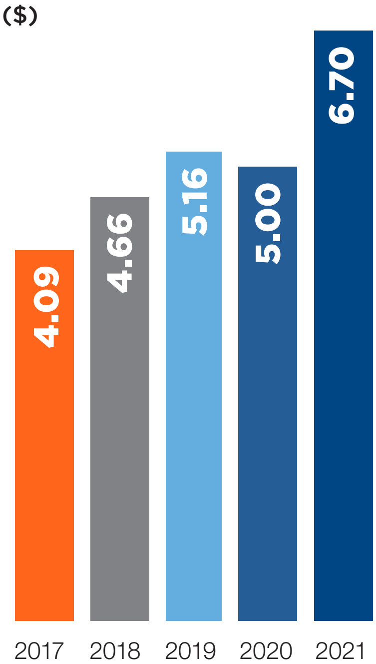
Underlying NPAT
($ million)



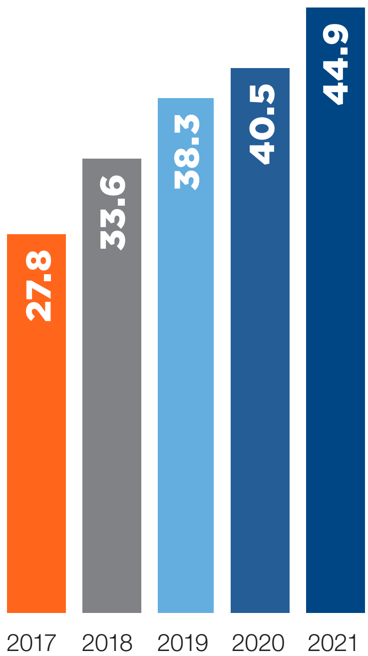
Dividends
(cents)



Share Price - 30 June Closing
($)



EPS based on UNPAT
(cents)



Five Year Financial Summary

For the years 2017 to 2021

Financial History

	2021	2020	2019	2018	2017
	$'000	$'000	$'000	$'000	$'000
Financial Performance					
Gross Revenue	58,839	54,904	49,404	45,873	40,752
Underlying EBITDA (UEBITDA)	19,218	17,499	16,065	14,832	12,290
Underlying Net Profit After Tax (UNPAT)	14,131	12,725	12,047	10,505	8,710
Statutory Net Profit After Tax (NPAT)	12,179	10,463	10,350	9,198	7,512
Cost To Income Ratio (CTI) - ex amortisation %	53%	55%	56%	56%	60%
Financial Position					
Total Assets	58,595	54,653	45,899	40,561	36,277
Total Equity	42,869	38,123	34,826	31,131	27,620
Cash	19,316	13,961	11,792	13,885	9,548

Performance over the Last Five Years

▲ 11%
Annualised UNPAT Growth

▲ 16%
Annualised EPS Growth

▼ 7%
Cost to Income % Reduction

▲ 13.9%
Annualised Dividend Growth

▲ 13.1%
Annualised Share Price Growth

Executive Chairman's Report

Dear Shareholders,

As Executive Chairman and on behalf of the directors, I am pleased to present this report on the consolidated operating performance of Fiducian Group Limited and its controlled entities for the year ended 30 June 2021.

Highlights

At the end of the last financial year, the world was in deep recession and stock markets which had declined by 35% around March 2020, had only started to stabilize. Massive fiscal and monetary stimulus was provided by developed and developing nations to keep their economies afloat and help their populace to feed themselves another day. A race to develop a vaccine for COVID-19 had begun in the hope that humans could develop antibodies to the virus.

Consequently, vaccines have been developed, economies are recovering and stock markets have been rallying strongly. Unfortunately, all have not taken the COVID-19 virus or its ability to mutate seriously. Hopefully we can return to life in the new normal, whatever it may be.

Nevertheless, it has been pretty much business as usual at Fiducian. Operating under the principles of our Business Continuity Plan we have managed to look after our staff, grow the business and support our charity Vision Beyond Aus. Fiducian has shown that it is resilient against unexpected and adverse shocks and can deliver on the concept of People, Profit and Planet which is being promoted as the hallmark of successful businesses.

The Group has adapted well to the changing operating environment and delivered a strong performance in the 25th year of its existence. This was achieved through a combination of consistent and assured inflows from our financial planning network, a strong recovery in stock markets worldwide and strict controls by management on cost and operational efficiencies.

I am pleased to advise that:

- All our people, the heart and soul of our business, are safe.
- All staff continued to work seamlessly from home with the continuing support of their respective managers and the IT team.
- The dedication and contribution by senior management, staff and financial planners to deliver on business requirements has not waivered despite working from home for the last 16 months or more.
- Financial planners have maintained their client relationships and provided advice through video conferencing when face to face meetings were not possible.
- The client administration team for our platforms continued to deliver a seamless service without any disruption to our clients and exceeded the service level standards set.
- Through difficult times no one was retrenched, laid off or had their remuneration reduced. For their hard work and loyalty, generally all staff were rewarded with a salary increase for the next year and a bonus which was equal to or higher than what they had received in the previous year or received in accordance with their employment terms.
- The flagship diversified Fiducian Funds have maintained their superior rankings on the Morningstar Survey compared with up to 197 recognised fund managers in their peer groups. This superior performance includes the last twelve months and continues over the last ten years or more.

Financial Information

Results for the year

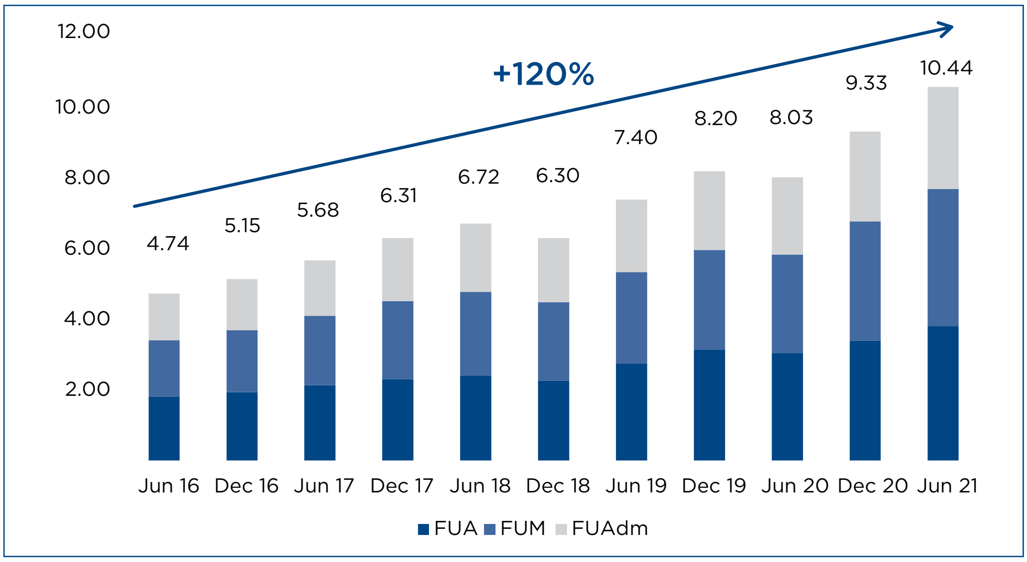
Legislation enacted saw the company lose over $1 million in revenue as income referred to as "grandfathered" commissions was terminated under law. Fresh new inflows and strong financial markets have helped the consolidated entity overcome this deficit and deliver a Statutory Net Profit After Tax increase of 16% to $12.2 million (2020: $10.5 million). The Underlying earnings per share lifted 11% from 40.5 cents in 2020 to 44.9 cents in the current year.

The combined Funds under Management, Administration and Advice (FUMAA) grew 30% to $10.4 billion over the previous year (June 2020 $8.0 billion). Provided financial markets remain positive, this should support further revenue increases in the year ahead.

Financial highlights

Year Ending 30 June	2021	2020	$ Growth	% Change
Funds Under Management, Advice and Administration (FUMAA)	**10.4 Billion**	**8.0 Billion**	**2.4 Billion**	**30% ▲**
	$'000	$'000		
Operating Revenue	**58,839**	**54,904**	**3.9 Million**	**7% ▲**
Fees and Charges paid	(15,944)	(14,617)		
Net Revenue	**42,895**	**40,287**	**2.6 Million**	**6% ▲**
Gross Margin	73%	73%		
EBITDA	**20,560**	**18,344**	**2.2 Million**	**12% ▲**
Add back rent and deduct interest on lease liabilities	(1,342)	(845)		
Underlying EBITDA	**19,218**	**17,499**	**1.7 Million**	**10% ▲**
Depreciation	(255)	(212)		
Tax on underlying earnings	(4,832)	(4,562)		
Underlying NPAT (UNPAT)	**14,131**	**12,725**	**1.4 Million**	**11% ▲**
Amortisation	(1,788)	(2,023)		
AASB 16 *Leases* adjustment impacts - Office Lease	(164)	(239)		
Statutory NPAT	**12,179**	**10,463**	**1.7 Million**	**16% ▲**
Basic EPS based on UNPAT (in cents)	**44.9**	**40.5**		**11% ▲**
Basic EPS based on NPAT (in cents)	38.7	33.3		

FUMAA (in $ billion)



Capital Management

A key feature of the company is that it has a clean Balance Sheet and currently remains debt free with a positive working capital and cash flow position. This is not to say that a capital raising or taking on debt would be avoided, should suitable acquisitions and opportunities for business expansion and earnings growth present themselves.

Final Dividend

The Board remains prudent, but is confident that the future of the business is positive and likely to continue to strengthen through organic growth and acquisitions of client bases that can benefit from the Fiducian process. As a result, a fully franked final dividend of 14.6 cents per share has been declared which will bring the total fully franked dividend declared for the 2021 financial year to 26.9 cents, an increase of 17% (2020: 23.00 cents). The full year dividend represents 69% of the statutory NPAT for the year. The final dividend will be paid on 13th September 2021 on issued shares held on 30th August 2021.

On Market Buy-Back

During the year, no shares were bought back on market leaving 31.44 million shares on issue at year end.

Cash Flow

Net operating cash flows increased to $16.0 million from $11.7 million of the previous year. After adjusting for investing activities ($1.5million) and financing activities ($9.2 million), net cash and cash equivalents increased by $5.3 million (2020: increase of $2.2 million). Cash at year end was therefore higher at $19.3 million compared to $13.9 million at the end of 2020. Business acquisitions made in prior years have assisted and will continue to assist with our future revenue and earning capacity.

Staff and Chairman Options

In accordance with the terms and conditions of the approved Employee and Director Share Option Plan, 90,000 options will be issued to the Executive Chairman in compliance with his contract of employment. Such options are subject to approval at the Annual General Meeting and only granted when the profit or share price increases by more than 15% over the previous year. The options in normal circumstances, vest after one year and can be exercised when they are paid for by the Executive Chairman within five years from issue.

Financial Planning

During the year, Funds under Advice grew from $3.0 billion in June 2020 to $3.7 billion in June 2021 due to acquisitions of financial planning businesses, increases in net inflows and rising financial markets. Going forward, some adjustments may be made to the funds under advice figure due to erstwhile "grandfathered" clients not renewing their engagement with a financial planner. However, inflows have increased as newer financial planners begin to appreciate the many benefits of the Fiducian compliant process for their clients. Fiducian expects the highest level of compliance and client service from its financial planning network. Regulatory oversight and supervision of our financial planners has been supported by additional investments in our compliance functions. This is an expensive proposition, but one we feel is necessary. Our extensive internal training program that differentiates our financial planners from the marketplace and enables them to deliver superior quality advice in a compliant manner continues through Webinars and Video Conferencing. As a consequence, client retention remains high.

Our focus will remain on generating inflows through organic and inorganic growth. Financial planners of businesses acquired in prior years, along with new planners to replace departures have adopted the compliant Fiducian processes and are now starting to contribute to our revenue. Further acquisitions are being negotiated.

New and efficient methods of telecommunication and video conferencing are being used to assist financial planners in practice development, marketing, financial planning software training and investment products and strategies. Face-to-face meetings between practice managers and financial planners have been limited due to COVID-19 restrictions.

I expect that they will renew when things return to normal as they cannot be entirely replaced, but video conferencing, which is low cost and more efficient, will now be more widely used.

Salaried and Franchised Offices

Company owned offices with salaried financial planners are based in New South Wales, Victoria, Western Australia, Queensland and Tasmania and continue to contribute to overall results. Salaried offices now comprise over 43.7% of Funds under Advice. Franchised offices now comprise around 56.3% of our Funds under Advice. We have 46 financial planning offices nationally.

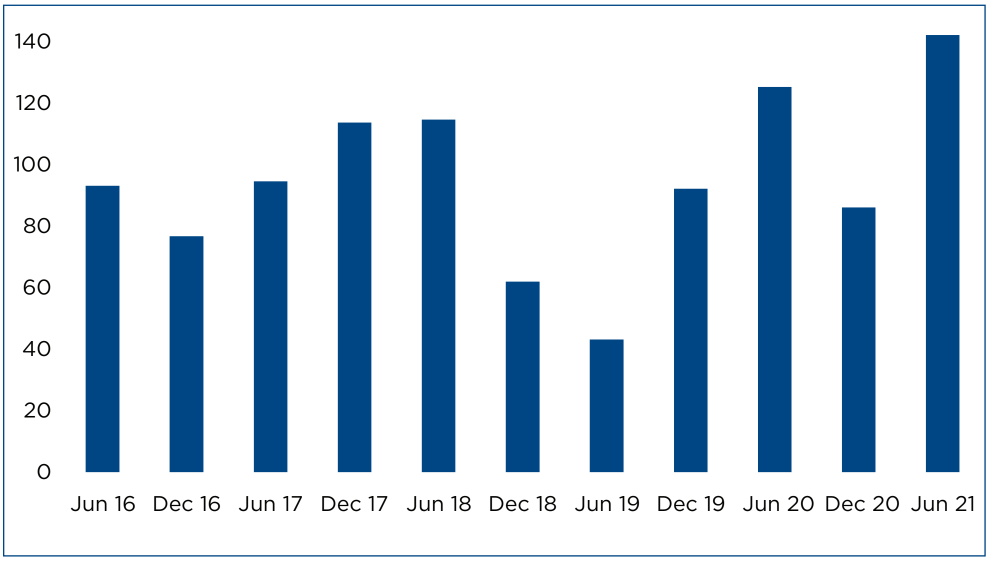
Platform Administration

Platform Administration offers portfolio wrap administration for superannuation and investment services to financial planners as well as Separately Managed Accounts (SMAs) which offer investors direct access to a small number of shares and funds that are managed separately for them. We believe that our capability and systems enhancements give us the ability to readily compete for such business and negotiations are underway with prospects who could use our services for administration of their SMAs. In addition, our business development team has recently found some success in registering external Licensees to start using our platforms. There is sufficient capacity to offer administration service to the external market in conjunction with the services we currently provide.

From September 2020, the presentation of administration fees in the product disclosure statements was modified in line with our competitors' disclosures. This resulted in an administration fee reduction which placed our platforms at the bottom half of the fees charged by equivalent competing platforms. In line with the trend in the industry, transaction and asset holding fees were introduced to offset in part the administration fee reduction. To give complete transparency, investors have been given the ability to drill down through Fiducian Online and view every single listed security that their underlying Fiducian Funds hold anywhere in the world.

The hallmark of the Fiducian administration offering is quality in terms of daily processing, accuracy and customer service, which has been consistently delivered throughout the COVID-19 lockdown.

Net Funds Inflows - Six monthly (in $ million)



Funds Under Administration

Funds under administration stand at $2.9 billion and has increased by $0.7 billion over the June 2020 balance of $2.2 billion.

Overall growth in net funds under administration is driven by new inflows in the platform and market growth.

Independent Financial Planners (IFAs)

Funds under Administration for IFAs is around 8.4% of total Funds under Administration. Efforts are underway to build new relationships and increase net inflows from non-aligned financial planner groups, in particular through SMA administration services and wider adoption of our existing platforms and funds.

Superannuation

The Superannuation Trustee Board established for our public offer superannuation wrap fund in March 2015 with equal independent directors operates professionally and with independence. The Board is supported by the office of Superannuation Trustee and outsources key operational processes to specialist service providers.

Funds Management

Our in-house Manage-the-Manager system of investment continues to attract the majority of retail funds placed with us. Fiducian Funds have performed well over the medium to long-term in their respective categories as we diversify their assets through a range of underlying fund managers to reduce risk and volatility.

Since inception almost twenty five years ago, the performances of these funds to end of June 2021 as reported in the Morningstar Investment Performance Survey have been commendable. Some of our funds are distributed in New Zealand through their local platforms and we have recently registered these funds on a KiwiSaver offering.

Information Technology

Fiducian Information Technology development team has been busily working from home to provide system enhancements that deliver efficiency and wide ranging functionality to 'FasTrack', our administration system. The improvements provide integration with our on-line reporting tools and financial planning software, 'FORCe', which gives us an edge when competing for administration related business and as well scope to distribute FORCe on a stand-alone basis.

Human Resources

Management and Staff

Effective reporting processes are in place for all subsidiaries which enhance Group Board oversight of our business activities. The continued performance by senior management and staff during the work from home and on-again off-again COVID-19 lockdown has been seamless. Over the last 25 years, we have always acknowledged that staff are our most important and valuable asset and we continue to nurture and help them grow personally and into positions of responsibility. Our strategy to view our staff as a large Fiducian family who stand alongside each other in difficult times should continue to serve us well in the new normal.

Fiducian has and will always be an equal opportunity employer. Our diversity policy encourages persons of different race, gender, sexual preferences, religion, national or ethnic origin, age or disability and skills to participate and receive recognition, reward and management responsibility commensurate with their performance. Employees are from 24 different countries of origin, 47% are female with 24% of female employees in senior roles and 21% of our employees are over 55 years of age.

Planners Council

The Planners Council is drawn from our supporting financial planners and has again made a significant contribution to the Company during the past year. It continues to fulfil its role as a sounding board for the Company's management and Boards and is a valuable resource and forum to alert us on financial planning issues that may need consideration.

The Council also contributes from personal and live experience to help with developments and enhancements of our financial planning software (FORCe), on-line reporting tool (Fiducian Online) and platform administration system (FasTrack).

Board of Directors

The Board of Directors and Management has worked together cohesively as a team with respect and candour for each other but with a clear mutual understanding of each other's roles and responsibilities in achieving optimal performance. While acknowledging that the strength of financial markets influence future performance, the Business Plan for the year ahead focusses on competitive advantages to lift profits through organic growth as well as acquisitions. Greater emphasis on promoting our successes through marketing is planned. Management remains committed to achieving the goals and objectives set down in the plan.

Community Support

Despite the shackles of the pandemic on its fundraising activities, Fiducian is determined to continue with its work to raise funds for charity and support community organisations and sporting teams linked to our planning network. Vision Beyond AUS, a charity supported by the Fiducian Group, increased its footprint from hospitals in India, Myanmar, Nepal, Cambodia to humanitarian work with the blind in Ethiopia. Over 43,095 men, women and children living in abject poverty have had their eyesight restored through its tireless fundraising.

In addition, VBA made a donation to acquire ventilators and monitoring equipment supplied to field hospitals set up in India as it battled to control the massive spread of the third wave COVID-19 infection. Fiducian staff have continued to voluntarily provide accounting, administration and marketing support to the charity to ensure that every single dollar contributed by generous donors goes towards eliminating visual impairment in the world.

Current Economic and Market Environment

The global economy is now in the process of recovering from last year's recession, which saw the largest decline in global output since the Second World War. The IMF estimates that the world economy contracted by around 3.3% in 2020 due to what it terms the 'Great Lockdown', or restrictions put in place by governments to control the spread of the COVID-19 pandemic. Many parts of the world were enjoying a rapid turnaround in economic activity, despite further 'waves' of the virus. The OECD recently reported 'amid renewed virus outbreaks, less frequent but more dispersed throughout the world, global growth continues to recover', because of 'the unprecedented protective policy net that governments have deployed to preserve the economic fabric, firms and jobs in their economies'. As a consequence, the IMF is now forecasting global growth of around 6% for this year before growth moderates to a still strong 4.4% in 2022.

One indicator of economic health is corporate earnings growth and MSCI data indicates that global corporate earnings contracted by over 10% in 2020, but are forecast to grow by an impressive 40% this year before slowing to a more sustainable rate of around 10% in 2022. This strong growth in corporate profits is being underpinned by monetary stimulus being provided by most of the world's major central banks and by huge fiscal stimulus programs being implemented by governments. In order to lift productivity, economic growth, employment and ultimately real wages, borrowing for investments is being encouraged.

Since these stimulus programs began to be implemented early last year, most major share markets have been on an upwards trend. With the pandemic not yet overcome, either globally or domestically, stimulus is likely to remain in place for some time to come and, as such, share markets are likely to have more upside despite their relatively elevated valuations. On this basis, we remain above benchmark for 'growth' assets in our diversified portfolios. In contrast, most bond markets continue to appear expensive.

As always, we recommend that investors should consult a Fiducian financial planner to develop a financial plan with the aim of achieving a diversified investment strategy that could help investors realise their financial goals.

Outlook

Our focus over the last 25 years has been to establish a business with a rock solid foundation and build growth strategies around this base which are able to scale up on existing capacity and leverage our relatively low fixed cost base. This strategy has benefitted us in the difficult and uncertain times with increasing revenues and growing profits. Strong focus on cost and operational efficiency has enabled Management to make the difficult decisions on expenditure and costs priorities quickly without disturbing the growth momentum. The Board's aim remains to build scale and deliver consistent double digit earnings growth in coming years and we are well positioned to deliver on our strategy through realising the potential of our Financial Planning, Platform Administration, Investment Management and Information Technology businesses.

On behalf of the Board, I would like to thank all participants for their individual contributions to the growth and success of Fiducian in our journey over the last 25 years.

Inderjit (Indy) Singh OAM
Executive Chairman

Sydney,
16 August 2021

Fiducian Supported Charity

Vision Beyond AUS (Public Benevolent Institution)

Vision Beyond Australia Ltd, a charity proudly supported by the Fiducian Group, received Public Benevolent Institution status effective from 1 January 2019.

The charity remains a registered charitable fund since 2011 with tax deductible gift recipient status, but is now able to remit donations directly to its overseas projects.

The charity which is dedicated to restoring eyesight for people living in poverty, operates in Myanmar, Cambodia, Nepal, India and Ethiopia through 6 hospitals and has restored eyesight for over 43,095 men, women and children. We estimate that around 200,000 persons would have received medical attention during the process.

IMAGE: Happy Nepalese children posing after their free eye-screening sponsored by Vision Beyond Aus

Directors' Report

Your directors present their report on Fiducian Group Limited ("the Company") and its wholly owned operating entities (referred to hereafter as the Group) for the year ended 30 June 2021.

Directors

The following persons were directors of Fiducian Group Limited during the financial year and up to the date of this report:

- I Singh
- R Bucknell
- F Khouri
- S Hallab

Principal activities

During the year the principal continuing activities of the Group consisted of:

a. Operating an Investor Directed Portfolio Service and Separately Managed Accounts service, through its wholly owned subsidiary, Fiducian Investment Management Services Limited

b. Acting as the Responsible Entity of Fiducian Funds through its wholly owned subsidiary, Fiducian Investment Management Services Limited

c. Acting as the Trustee of Fiducian Superannuation Service through its wholly owned subsidiary, Fiducian Portfolio Services Limited

d. Providing specialist financial planning services through its wholly owned operating subsidiary, Fiducian Financial Services Pty Limited

e. Providing client account administration platforms, self-managed superannuation services to clients and corporate services to other entities within the Group through its wholly owned subsidiary, Fiducian Services Pty Limited

f. Development of IT software systems for financial planning and wrap platform administration through its wholly owned subsidiary, Fiducian Services Pty Limited

g. Distribution of the products and service offerings of the Group companies through its wholly owned operating subsidiary, Fiducian Business Services Pty Limited

Dividends

Dividends paid to members during the financial year were as follows:

Dividends	2021 $'000	2020 $'000
Final ordinary fully franked dividend for the year ended 30 June 2020 of 11.50 cents (2019: Fully franked 11.30 cents) per share paid on 14 September 2020.	3,616	3,553
Interim ordinary fully franked dividend for the year ended 30 June 2021 of 12.30 cents (2020: Fully franked 11.50 cents) per share paid on 15 March 2021.	3,867	3,616
Total dividends paid during the year	**7,483**	**7,169**

Subsequent to the end of the financial year, the directors of the parent entity, Fiducian Group Limited have declared a final fully franked dividend for the year ended 30 June 2021 of 14.60 cents per ordinary share held on 30 August 2021 and payable on 13 September 2021.

Review of operations

A summary of consolidated revenues and results by significant industry segments is set out below:

	Segment Revenues		Segment Results	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Funds Management	17,871	14,954	11,517	9,376
Financial Planning	19,493	20,778	(360)	1,071
Platform Administration	12,571	11,091	10,566	9,347
Corporate Services	8,904	8,081	(1,163)	(1,450)
Total	58,839	54,904	20,560	18,344
Depreciation and amortisation			(3,627)	(3,407)
Income tax expenses			(4,754)	(4,474)
Net profit attributable to members of Fiducian Group Limited			12,179	10,463

Comments on operations and results

Comments on the operations, business strategies, prospects and financial position are contained in the report of the Executive Chairman.

Shareholder returns

The Executive Chairman has outlined in his report to the shareholders how the Group delivered a strong result despite the economic effects of the pandemic which continued to be felt through the financial year ended 30 June 2021. After consideration of the economic environment and the strength of the company's debt-free balance sheet, the directors have decided on a dividend distribution of 14.60 cents per share for the second half, bringing the full year dividend to 26.90 cents per share (2020: 23.00 cents)

Significant changes in the state of affairs

There were no significant changes in the state of affairs that impacted the business. However, the Group funded / committed to provide loan funding of $3.2 million to help franchisees acquire financial planning practices and grow their businesses.

Matters subsequent to the end of the financial year

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature that is likely in the opinion of the directors of the Group to impact the results of those operations or the state of affairs of the Group.

Likely developments and expected results of operations

The Executive Chairman has commented on expected results of operations in his Executive Chairman's Report. Other than this, there are no likely developments that may have significant impact on the expected results or operations of the Group.

Environmental regulation

The Group is not subject to significant environmental regulations under a Commonwealth, State or Territory law.

Employee diversity

Fiducian is proud to be an equal opportunity employer. It endorses diversity and currently has a number of employees that bring different skill-sets from their respective countries of origin. We recognize that diversity includes, but is not limited to gender, age, ethnicity and cultural backgrounds. Our diversity policy encourages persons of different gnder, ethnic backgrounds, ages and skills to participate and receive recognition, reward and authority commensurate with their performance. Employees are comprised of staff from over 24 countries of origin, 21.37% over 55 years, and 47.33% female with 24.19% in senior roles.

The Group's current gender diversity report is available to be viewed on the Group website.

Key management personnel disclosures

1. Information on current Directors

I Singh (OAM) BTech, MComm (Bus), ASIA, ASFA, DipFP, CFP *Executive Chairman*

Experience and expertise

Founder and Managing Director of the Company since 1996 and Chairman since 25 October 2018. General Management and hands-on experience in funds management and superannuation funds over the past 32 years.

Other current directorships in listed entities

None

Former directorships in the last 3 years

None

Special responsibilities

Executive Chairman of the Group.

Interest in shares and options

10,872,061 ordinary shares in Fiducian Group Limited.

35,000 options for ordinary shares in Fiducian Group Limited.

R Bucknell FCA *Independent non-executive director*

Experience and expertise

Chairman from 1996 until 25 October 2018. Extensive experience in accounting and business management over the past 55 years as a Chartered Accountant.

Other current directorships in listed entities

None

Former directorships in the last 3 years

None

Special responsibilities

Chairman of the Remuneration Committee, and member of the Audit Risk and Compliance Committee for Fiducian Group Limited as well as the subsidiary entities, Fiducian Investment Management Services Ltd, Fiducian Services Pty Ltd and Fiducian Financial Services Pty Limited.

Interest in shares and options

500,000 ordinary shares in Fiducian Group Limited.

F G Khouri BBus, FCPA, CTA *Independent non-executive director*

Experience and expertise

Appointed to the Board 6 July 2007. Public accountant, registered company auditor, financial planner and business adviser since 1976 to small and medium enterprises, currently a partner in the firm HG Khouri & Associates.

Other current directorships in listed entities

None

Former directorships in the last 3 years

None

Special responsibilities

Director of Fiducian Portfolio Services Limited (Trustee Subsidiary), member of the Audit Risk and Compliance Committees for Fiducian Group Limited, the subsidiary entities, Fiducian Investment Management Services Ltd, Fiducian Services Pty Ltd and Fiducian Financial Services Pty Limited and the Trustee Subsidiary for Fiducian Superannuation Service and a member of the Group and Trustee Remuneration Committees.

Interest in shares and options

268,323 ordinary shares in Fiducian Group Limited.

S Hallab BEc (Accnt & Law), CA, GAICD, FAIST *Independent non-executive director*

Experience and expertise

Board member since 12 August 2016. Chartered Accountant and registered company auditor. Has over 38 years of experience in finance and superannuation.

Other current directorships in listed entities

Non-Executive Director and Company Secretary of Ensurance Limited (ASX code: ENA).

Former directorships in the last 3 years

None

Special responsibilities

Director of Fiducian Portfolio Services Limited (Trustee Subsidiary), Chairman of the Audit Risk and Compliance Committee for Fiducian Group Limited, the subsidiary entities Fiducian Investment Management Services Ltd, Fiducian Services Pty Ltd and Fiducian Financial Services Pty Limited and a member of the Remuneration Committee.

Interest in shares and options

74,527 ordinary shares in Fiducian Group Limited.

2. Company secretary

P Gubecka LLB, LLM, BCom, CPA, FGIA, FCG (CS, CGP) *Company Secretary*

Experience and expertise

Mr. P Gubecka is the Company secretary and the General Counsel of the Group. Mr. Gubecka is an Australian legal practitioner and CPA with over 14 years experience in financial services and superannuation.

3. Meetings of directors

The number of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Meetings of directors		Meetings of committees			
	Board		Audit Risk & Compliance		Remuneration	
	A	B	A	B	A	B
I Singh	5	5	-	-	-	-
R Bucknell	5	5	6	6	1	1
F Khouri	5	5	6	6	1	1
S Hallab	5	5	6	6	1	1

A = Number of meetings attended.

B = Number of meetings held during the time the director held office or was a member of the committee during the year.

4. Other

Mr. I Singh as Executive Chairman of Fiducian Group Limited, has authority for and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year ended 30 June 2021. This authority and responsibility is unchanged from the previous year.

5. Remuneration report

The remuneration report is set out under the following main headings:

- **A -** Principles used to determine the nature and the amount of remuneration
- **B -** Details of remuneration
- **C -** Service agreements and induction process
- **D -** Share-based compensation
- **E -** Additional information
- **F -** Director's superannuation
- **G -** Loans to directors
- **H -** Other transactions with key management personnel

The information provided under headings A - H include remuneration disclosures that are required under Australian Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been included in the Directors' Report and have been audited.

A - Principles used to determine the nature and the amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market practice for delivery of reward. The Board seeks to ensure 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
- Transparency
- Capital management

(a) Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. Non-executive directors are not entitled to options under the Employee and Director Share Option Plan.

Directors' fees

The current base remuneration was last reviewed in July 2021. The external directors are paid a fixed fee for participation in Board and Committee meetings plus a fee based on time spent on any additional matters as approved by the Board. Directors who are financial planners, may have received remuneration from placing their financial planning business with the Group.

Non-executive directors' fees for the Company are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum pool is $450,000 per annum, which was previously approved by shareholders at the Annual General Meeting on 20 October 2016.

Retirement allowance for directors

There are no retirement allowances for non-executive directors other than superannuation accumulation arising from any compulsory superannuation guarantee contributions made on their behalf.

(b) Executive Chairman

Remuneration and other terms of employment for the Executive Chairman are formalised in a service agreement. The Executive Chairman's agreement provides for the provision of performance based cash bonuses and, where eligible, participation in the Employee and Director Share Option Plan. Other major provisions of the agreement are set out below:

I Singh, Executive Chairman

- Term of agreement - until 30 June 2024
- Base salary, inclusive of superannuation and salary sacrifice benefits
- Death and TPD/Trauma cover
- Short-term performance incentives
- Long-term incentives through the Fiducian Group Limited Employee and Director Share Option Plan (ESOP)
- Retirement benefits, and
- The employment agreement may be terminated by either party with six-month notice

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

An external remuneration consultant advises the Remuneration Committee, at least every 3 years, to ensure that the Group has structured an executive remuneration package that is market competitive and complimentary to the reward strategy of the organisation. Their most recent review was conducted in July 2021 and there were no changes recommended to the executive remuneration structure arising from their review.

Base salary

Mr. I Singh receives a base pay that comprises the fixed component of pay and the potential for rewards, which reflects the market value for his role. The base salary is reviewed annually by the Remuneration Committee at the commencement of each financial year.

There are no guaranteed base pay increases fixed in the executive's contract.

Short-term incentives (STI)

The STI aims to provide an incentive to the Executive Chairman to act in the best interests of the Company, its shareholders, clients, staff and all stakeholders, such that the Company achieves and possibly exceeds its targets for the financial year. In setting or paying a STI or bonus, the Remuneration Committee ensures that a bonus does not encourage undue risk taking that would be detrimental to any part of the Company or its clients.

Board policy dictates that the Executive Chairman's performance for a financial year is reviewed and evaluated by the Remuneration Committee. The cornerstone to assessing the performance of the Executive Chairman is the fulfilment of three broad objectives namely:

a) Activities that ensure delivery of quality output to standards and timeliness which ensure compliance with statutory guidelines and as well, enhance customer and stakeholder relationships;

b) Production of results and growth outcomes that enable Business Plan objectives to be achieved; and

c) Leadership, management of staff, strengthening good corporate culture and managing risks.

Key Performance Indicators (KPIs) of the Executive Chairman are set by the Remuneration Committee. The Remuneration Committee uses both objective and subjective measures in its evaluation and on the basis of the methodology below, the Executive Chairman achieved 84% of the KPIs set for the financial year.

The business and operating areas considered are Financial Planning, Funds Management, Business Development and Distribution, and Fiducian Services comprising of Platform Administration, Risk Management, Legal and Compliance, Information Technology, Marketing and Communications and Finance and Human Resources. Each business area's Executive Leader has a number of underlying KPIs that lie within the broad objectives a), b), and c) outlined above. The underlying KPIs of each Executive Leader may differ and depend on their roles and responsibilities. The Executive Chairman sets the underlying KPIs for each Executive Leader and so each business area has a number of performance measures required to be delivered during the year.

Achievement by Executive Leaders of all the KPIs identified for them would satisfy the Board that sufficient personal exertion has been contributed towards achievement of the targets set in the Business Plan for the year, which is approved by the Board. A failure to achieve or deliver on any KPI item within the three broad objectives by any business area stated above is therefore considered a failure by the Executive Chairman to achieve all his KPIs.

The employment contract with the Executive Chairman stipulates that a maximum of 20% of that year's fixed remuneration should be paid to the Executive Chairman if all KPIs are satisfied. The Executive Chairman was therefore entitled to a STI of $98,414 but chose to receive a bonus of $13,000.

Long-term incentives

Mr. I Singh is entitled to a discretionary performance bonus of up to 100,000 options per year determined as at 30 June each year, based on the following measures:

- The Company's pre-tax profit OR
- The Company's underlying net profit after tax OR
- The 30-day average of June market value for ordinary shares in the company

The options are issued under the company's ESOP at the rate of 5,000 options for each 1% in excess of 15% increase in the Company's pre-tax profit or the Company's underlying net profit after tax, or 5,000 options for each 1% increase in the 30-day average for June market value for ordinary shares in the Company, whichever is higher, and only after approval by the shareholders of the Company. For the year ended 30 June 2021, Mr. I Singh is entitled to 90,000 options at a strike price of $6.47.

Retirement and termination benefits

Retirement benefits are delivered under the Fiducian Superannuation Service. This fund provides accumulation benefits on commercial terms and conditions to the specified executive based on the superannuation guarantee contributions for that specified executive. Other retirement benefits may be provided directly by the Group only if approved by the shareholders.

Payment of a termination benefit on early termination by the Executive Chairman or by mutual consent is equal to 6 months of the gross annual remuneration.

An overview of the Group performance and shareholder returns over the last 5 years is provided in the table below:

Group Performance and Shareholder returns

	2021	2020	2019	2018	2017
Underlying Net Profit After Tax (UNPAT)	14,131	12,725	12,047	10,505	8,710
Statutory Net Profit After Tax (NPAT)	12,179	10,463	10,350	9,198	7,512
EPS based on NPAT (in cents)	44.9	40.5	38.3	33.6	27.9
EPS based on UNPAT (in cents)	38.7	33.3	33.0	29.4	24.0
Dividends (in cents)	26.9	23.0	22.3	20.0	16.0
Share Price - 30 June closing (in $)	6.70	5.00	5.16	4.66	4.09

B - Details of remuneration

Details of the remuneration of the key management personnel are set out in the following table:

2021	Short-Term Employee Benefits			Post-Employment Benefits	Share-Based Payment	
Name	**Cash salary & fees**	**Cash bonus**	**Annual & long service leave**	**Super-annuation**	**Options**	**Total**
	$	$	$	$	$	$
Executive Chairman						
I Singh [1]	561,000	15,000	13,301	24,999	48,986	663,286
Non-executive directors						
R Bucknell [2,3]	96,000	-	-	-	-	96,000
F Khouri [4]	95,279	-	-	9,052	-	104,331
S Hallab	93,100	-	-	8,844	-	101,944
Totals	845,379	15,000	13,301	42,895	48,986	965,561

[1] Mr I Singh is entitled to 90,000 options at a strike price of $6.47 in respect of the year ended 30 June 2021. The amount shown as options payment relates to the grant for FY21 and represents the value of those options expensed over its term in accordance with accounting standards. The total amount of options relating to FY21 is $114,300 which will be expensed over the vesting period.

[2] Excludes GST if paid to another firm.

[3] Including amounts paid to the director's company only in respect to director's duties.

[4] This excludes fees of $264,350 for financial planning services paid to companies in which Mr F Khouri has an interest in his capacity as a financial planner.

2020	Short-Term Employee Benefits			Post-Employment Benefits	Share-Based Payment	
Name	Cash salary & fees	Cash bonus	Annual & long service leave	Super-annuation	Options	Total
	$	$	$	$	$	$
Executive Chairman						
I Singh [1]	555,000	15,000	(13,007)	21,003	3,614	581,610
Non-executive directors						
R Bucknell [2,3]	104,000	-	-	-	-	104,000
F Khouri [4]	87,022	-	-	8,267	-	95,289
S Hallab	62,457	-	-	5,933	-	68,390
Totals	808,479	15,000	(13,007)	35,203	3,614	849,289

[1] Mr I Singh is not entitled to any options in respect of the year ended 30 June 2020. The amount shown as options payment relates to the grant of 35,000 options for FY18 and represents the value of those options expensed over its term in accordance with accounting standards.

[2] Excludes GST if paid to another firm.

[3] Including amounts paid to the director's company only in respect to director's duties.

[4] This excludes fees of $246,134 for financial planning services paid to companies in which Mr F Khouri has an interest in his capacity as a financial planner.

C - Service agreements and induction process

The service agreement of the Executive Chairman is detailed in paragraph A(b) earlier. There are no service agreements with non-executive directors or employees.

In preparation for appointment to the Board, all non-executive directors undergo an induction program and receive an induction pack of documents necessary for them to understand Fiducian's charters, policies, procedures, culture and ethical values to enable new directors to carry out their duties in an effective and efficient manner.

D - Share-based compensation

(i) Options compensation and holdings

Options over shares in Fiducian Group Limited are granted under the Employee and Director Share Option Plan, which was approved by shareholders on 28 July 2000. The plan is described under Note 24.

The number of options for ordinary shares in the Company held directly by the Executive Chairman of Fiducian Group Limited and details of options for ordinary shares in the Company provided as remuneration to the key management personnel of the Group are set out below.

2021

Name	Balance at the start of the year	Exercised	Granted during the year as remuneration[1]	Lapsed during the year	Balance at the end of the year	Vested and exercisable
I Singh [1]	35,000	-	-	-	35,000	35,000

[1] Under the terms of his employment Mr I Singh is entitled to 90,000 options relating to the year ended 30 June 2021. These are subject to approval at the annual general meeting on 21 October 2021 and therefore these have not been included in the above table.

2020

Name	Balance at the start of the year	Exercised	Granted during the year as remuneration[1]	Lapsed during the year	Balance at the end of the year	Vested and exercisable
I Singh [1]	35,000	-	-	-	35,000	35,000

[1] Under the terms of his employment Mr I Singh was not entitled to any options for the year ended 30 June 2020.

(ii) Share holdings

The numbers of shares in the Company held by current directors of Fiducian Group Limited, including their personally related and associated entities, are set out below. No shares were granted during the period as compensation.

2021

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
I Singh	10,872,061	-	-	10,872,061
R Bucknell	500,000	-	-	500,000
F Khouri	268,323	-	-	268,323
S Hallab	68,027	-	6,500	74,527

2020

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
I Singh	10,723,851	-	148,210	10,872,061
R Bucknell	583,000	-	(83,000)	500,000
F Khouri	268,323	-	-	268,323
S Hallab	52,477	-	15,550	68,027

Shares provided on exercise of options

During the year the Group did not issue any ordinary shares as a result of the exercise of remuneration options by the Executive Chairman of Fiducian Group Limited (2020: Nil). No amounts are unpaid on any shares issued on the exercise of options.

E - Additional information

Principles used to determine the nature and amount of remuneration: relationship between remuneration and company performance.

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current and previous year. For the current year ended 30 June 2021 the base salary of the Executive Chairman increased by 1% or $6,000 and a cash bonus of $13,000 (2020: $15,000) was awarded in addition to the grant of option entitlements in accordance with the incentive programs. The Executive Chairman is entitled to 90,000 options in respect of the current year ended 30 June 2021 (2020: Nil).

F - Directors' superannuation

Directors may have superannuation monies invested in Fiducian Superannuation Service. These monies are invested subject to the normal terms and conditions applying to this superannuation fund.

G - Loans to directors

No loans were made to directors during the financial year (2020: Nil).

H - Other transactions with key management personnel

Mr. R Bucknell, a director of the Company, is also a director of Hunter Place Services Pty Ltd, a company which provides his services as a director to the Group.

A director, Mr. F Khouri, is an authorised representative under the Fiducian Financial Services Pty Ltd Australian Financial Services Licence and is a director and shareholder of Hawkesbury Financial Services Pty Ltd, which is a franchisee of Fiducian Financial Services Pty Ltd.

Hawkesbury Financial Services Pty Ltd places business with and receives remuneration from the Company for financial planning services. All transactions are on normal commercial terms and conditions.

A director, Mr. S Hallab was paid director's fees for his personal contribution to the Board.

Aggregate amounts of each of the above types of other transactions with directors of Fiducian Group Limited:

	Consolidated	
	2021	**2020**
	$	$
Directors' fees and committee fees *	302,275	267,679
Financial planning fees paid or payable	264,350	246,134
Total payments relating to other transactions with key management personnel	566,625	513,813

* Details of these fees have been provided in the Remuneration report included in the Directors' Report.

Shares under option

Unissued ordinary shares of Fiducian Group Limited under option at the date of this report are disclosed in Note 24 of the financial report.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity until after the exercise of the option.

Shares issued on the exercise of options

The details of ordinary shares of Fiducian Group Limited issued if any, during the year on the exercise of options granted under the Fiducian Group Limited Employee & Director Share Option Plan are disclosed under Note 24 to the Financial Report.

Indemnification and insurance of officers

Under the terms of its constitution, Fiducian indemnifies all past and present directors of Fiducian and its wholly-owned subsidiaries against certain liabilities and costs incurred by them in their respective capacities.

The Constitution of Fiducian Group Limited provides the following indemnification of officers:

- To indemnify officers of the Company and related bodies corporate to the maximum extent permitted by law.
- To allow the Company to pay a premium for a contract insuring directors, the secretary and executive officers of Fiducian Group Limited and its related bodies corporate. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in the capacity as officers of the company or a related body corporate.

No liability has arisen under these indemnities as at the date of this report.

During the year, Fiducian Group Limited paid a premium under a combined policy of insurance for liability of officers of the Company and related bodies corporate, professional indemnity and crime. In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of the liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

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.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or Group are important.

The Board of Directors is satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Risk and Compliance Committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES110 *Code of Ethics for Professional Accountants*

The fees paid or payable for services provided during the year to the auditor (KPMG) of the parent entity, its related practices and non-related audit firms, are shown in Note 25 to the consolidated financial report.

Auditors' independence declaration

A copy of the auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 26.

Rounding of amounts

The Company is of a kind referred to in Class Order 2016/191 *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument* issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

KPMG replaced PricewaterhouseCoopers for FY21 to be the external auditor in accordance with Section 327 of the *Corporations Act 2001*.

Corporate governance

A description of the Group's current corporate governance practices is available on the Group's website and can be viewed at https://www.fiducian.com.au/files/corporate_docs/Corporate_Governance_Statement.pdf.

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

Inderjit (Indy) Singh OAM
Executive Chairman

Sydney,
16 August 2021

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Fiducian Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Fiducian Group Limited for the financial year ended 30 June 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

KPMG

KPMG

A.R

Andrew Reeves
Partner

Sydney
16 August 2021

Financial Statements

Fiducian Group Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Fiducian Group Limited
Level 4, 1 York Street,
Sydney, NSW 2000.

These financial statements were authorised for issue by the directors on 16 August 2021. The directors have the power to amend and reissue the financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2021

	Notes	Consolidated	
		2021	2020
		$'000	$'000
Revenue from ordinary activities	4	58,640	54,697
Other income	5	199	207
Payments to advisers and service providers		(15,944)	(14,617)
Employee benefits expense		(17,061)	(16,115)
Amortisation and depreciation expense	6(a)	(3,627)	(3,407)
Other expenses	6(b)	(5,274)	(5,828)
Profit before income tax expense		**16,933**	**14,937**
Income tax expense	7	(4,754)	(4,474)
Profit for the year		**12,179**	**10,463**
Other comprehensive income for the full year, net of tax		**-**	**-**
Total comprehensive income for the year		**12,179**	**10,463**
Profit attributable to:			
Owners of Fiducian Group Limited		12,179	10,463
Earnings per share	30		
Earnings per share from profit from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share (in cents)		38.74	33.28
Diluted earnings per share (in cents)		38.70	33.24

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	Consolidated	
		2021	2020
		$'000	$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	19,316	13,961
Trade and other receivables	10	7,837	6,327
Total Current Assets		27,153	20,288
Non-current assets			
Loan receivables	11	6,134	5,712
Property, plant and equipment	13	611	759
Right-of-use assets	35	5,324	6,907
Intangible assets	15	19,373	20,987
Total Non-Current Assets		31,442	34,365
Total assets		58,595	54,653
LIABILITIES			
Current liabilities			
Trade and other payables	16	7,474	6,677
Lease liabilities	35	1,315	1,377
Current tax liabilities	17	457	360
Total Current Liabilities		9,246	8,414
Non-current liabilities			
Net deferred tax liabilities	18	1,483	1,978
Lease liabilities	35	4,578	5,858
Provisions	19	419	280
Total Non-Current Liabilities		6,480	8,116
Total liabilities		15,726	16,530
Net assets		42,869	38,123
EQUITY			
Contributed equity	20	7,636	7,636
Reserves	21	75	25
Retained profits	22	35,158	30,462
Total equity		42,869	38,123

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

Consolidated Statement of Changes in Equity

As at 30 June 2021

	Notes	Contributed Equity	Reserves	Retained Profits	Total
		$'000	$'000	$'000	$'000
Balance as at 30 June 2019		7,636	22	27,168	34,826
Profit for the year		-	-	10,463	10,463
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	10,463	10,463
Transactions with equity holders in their capacity as equity holders					
Dividends paid	8	-	-	(7,169)	(7,169)
Options expense	21	-	3	-	3
Total transactions with equity holders		-	3	(7,169)	(7,166)
Balance as at 30 June 2020		7,636	25	30,462	38,123
Profit for the year		-	-	12,179	12,179
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	12,179	12,179
Transactions with equity holders in their capacity as equity holders					
Dividends paid	8	-	-	(7,483)	(7,483)
Options expense	21	-	50	-	50
Total transactions with equity holders		-	50	(7,483)	(7,433)
Balance as at 30 June 2021		7,636	75	35,158	42,869

The above 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 2021

	Notes	Consolidated 2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		64,060	59,470
Payments to suppliers and employees (inclusive of GST)		(43,050)	(42,631)
		21,010	16,839
Interest received		199	301
Income taxes paid		(5,170)	(5,418)
Net cash inflow from operating activities	29	16,039	11,722
Cash flows from investing activities			
Payments in relation to acquisitions		(544)	(695)
Business development loans granted to advisers		(2,207)	(1,349)
Repayment of business development loans by advisers		1,386	1,603
Payments for property, plant and equipment		(105)	(800)
Net cash outflow from investing activities		(1,470)	(1,241)
Cash flows from financing activities			
Lease principal payments		(1,731)	(1,143)
Dividends paid		(7,483)	(7,169)
Net cash outflow from financing activities		(9,214)	(8,312)
Net increase in cash and cash equivalents held		5,355	2,169
Cash and cash equivalents at the beginning of the year		13,961	11,792
Cash and cash equivalents at the end of year	9	19,316	13,961

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

Notes to the Financial Statements

1. Summary of significant accounting policies

The principal accounting policies adopted for the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes Fiducian Group Limited and its subsidiaries.

A. Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Fiducian Group Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The financial report of Fiducian Group Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

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

B. Principles of consolidation

The consolidated financial report incorporates the assets and liabilities of all entities controlled by Fiducian Group Limited (Company or parent entity) as at 30 June 2021 and the results of all controlled entities for the year then ended. Fiducian Group Limited and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Investments in subsidiaries are accounted for at cost in the parent entity's financial report.

The acquisition method of accounting is used to account for the business combinations by the Group.

Intercompany transactions and balances on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income.

C. Revenue recognition

Revenue is recognised, using the five step approach prescribed by the accounting standards, upon satisfaction of the performance obligations, which occur when control of the goods or services is transferred to the customer. The key judgments in the recognition of revenue involves determining whether the contract is a single performance contract, whether the performance obligation is satisfied over time, as well as the timing and amount of variable consideration to be recognised.

The primary revenue streams from contracts with customers for the Group are in the nature of management fee income earned from funds management, fees earned from offering platform services and fee income from offering advice to customers.

1. Summary of significant accounting policies (continued)

- Fees earned from the funds management services have been accounted for as single performance obligations to each fund satisfied over time. The fees received based on a fixed percentage on the assets under management are considered variable consideration but with the uncertainty in the variable element being resolved within the reporting period. Fund management services are held to be performed on an ongoing daily basis and therefore fees are accrued daily and paid monthly in arrears for the service provided.
- Revenue streams earned from platform administration services are identified as separate single performance obligations to individual customers with customers exercising control over the funds transitioned onto the platform. Platform administration services are held to be performed on an ongoing daily basis and therefore fees are accrued daily and paid monthly in arrears for the service provided by the platform.
- Fees earned from offering advice to customers are a combination of fees earned for ongoing service, and one off fees. Ongoing fees based on Funds Under Advice are treated as single performance obligations satisfied over time. The fees received based on a fixed percentage on the Funds Under Advice are considered variable consideration but with the uncertainty in the variable element being resolved within the reporting period. Advice service fees are therefore accrued daily and paid monthly in arrears for the service period, and therefore the revenue is attributed to services provided for within the period and accounted for as such. One off fees are identified as a single performance obligation with service performed at a point in time and revenue recognised in line with the service.

D. Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the national income tax rate for Australia adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial reports. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting or taxable profit nor loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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 use those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

Fiducian Group Limited and its wholly owned subsidiaries have implemented the tax consolidation legislation with Fiducian Group Limited as the head entity of the tax consolidated group. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. The head entity has entered into a tax sharing agreement and a tax funding agreement with the members of the tax consolidated group. Under the tax funding agreement, the members of the Group are required to contribute to the head entity for their current tax liabilities. The assets and liabilities arising under the tax funding agreements are recognised as intercompany assets and liabilities at call. Members of the tax consolidated group via the tax sharing agreement may be called to provide for the income tax liabilities between the entities should the head entity default on its tax payment obligations. No amount has been recognised in respect of this component of the agreement as the outcome is considered remote.

1. Summary of significant accounting policies (continued)

E. Operating leases

The Group leases office space and equipment for which contracts are typically entered into for fixed periods and may include extension options. Leases are recognised as a right-of-use asset and a corresponding liability at the commencement date, being the date the leased asset is available for use by the Group. The accounting policy for the classification and accounting for leases has been explained in Note 1-O.

F. Trustee company and Responsible Entity

The Group acts as a Trustee of Fiducian Superannuation Service through a subsidiary, Fiducian Portfolio Services Ltd, and acts as the operator and Responsible Entity of an Investor Directed Portfolio Service, Fiducian Investment Service, Separately Managed Accounts service and the Responsible Entity of Fiducian Funds and Separately Managed Accounts ("the trusts") through another subsidiary, Fiducian Investment Management Services Ltd. The accounting policies adopted by these companies in the preparation of their financial reports and that of the Group for the year ended 30 June 2021 reflect the fiduciary nature of these companies' responsibilities and that of the Group for the assets and liabilities of the trusts. The financial reports do not include the trusts' assets and liabilities as future economic benefits and obligations derived from the trusts' assets and liabilities do not accrue to these companies or the Group. In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets, the trust assets and liabilities have not been disclosed as the directors consider the probability of these companies or the Group having to meet the liabilities of the trusts as remote.

G. Impairment of goodwill and intangible assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

H. Cash and cash equivalents

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

I. Trade receivables

Trade receivables are recognised at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement no more than 120 days from the date of recognition for trade receivables and financial planning fees, and no more than 30 days for other receivables.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period greater than 120 days past due. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (outside settlement terms) are considered indicators that the trade receivable is 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.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

J. Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The purchase consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the acquirer. The purchase consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

1. Summary of significant accounting policies (continued)

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, measured initially at their fair values at the acquisition date.

The excess of the purchase consideration and the acquisition-date fair value over the share of the net identifiable assets acquired, is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

K. Investments and other financial instruments

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and other financial assets. The classification depends on the purposes for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Business Development Loans

Fiducian provides financial support in the form of business development loans to aligned financial planner franchisees to enable them to grow their business organically or through acquisition. Management have assessed the business model for these loans to be 'Hold and Collect' and the cash flows of these loans to be Solely Payments of Principal and Interest (SPPI) and therefore the business development loans are classified as Amortised Cost.

Impairment

Credit impairments are based on a 3-stage Expected Credit Loss (ECL) approach where individual loans are categorised based on changes in the credit risk since origination. An unbiased and probability weighted ECL is then computed for the individual loan as the product of the Probability of Default (PD), the Loss Given Default (LGD) probability and the Exposure At the time of Default (EAD).

The ECL is determined with reference to the following stages:

Stage 1: Performing loans 12 month ECL

At initial recognition and for financial assets for which credit risk was low, ECL was determined based on the PD over the next 12 months and the losses associated with such default, adjusted for forward looking information. Interest income was determined with reference to the effective interest rate and the gross carrying amount of the asset.

Stage 2: Non-performing loans: Lifetime ECL

The Group assessed whether there had been a Significant Increase in Credit Risk (SICR) of the loans since initial recognition, based on qualitative and quantitative factors, and reasonable forward looking information, which included significant management judgement. Qualitative factors included but were not limited to payment history, requests to modify contractual payments and compliance reviews. Quantitative analysis utilised an internally developed model based on loan to value ratios and forecast cash flows, adjusted for forward looking indicators such as the level of the ASX 200. Where the Group's modelling indicated a SICR, an ECL was determined with reference to the loan's lifetime probability of default and the lifetime loss associated with that probability of default. Interest income was determined with reference to the financial asset's effective interest rate and the gross carrying amount of the asset. The deferral of contractual payments for short periods of time has not been treated as an automatic indicator of SICR by and of themselves.

Stage 3: Credit impaired loans: Lifetime ECL

Where one or more events which have a detrimental impact on estimated future cash flows has occurred, the loans would be classified as credit impaired and included in stage 3. Management have pre-defined some events that would objectively indicate credit impairment such as loan to value ratio increasing beyond a certain percentage and bankruptcy of the adviser. Lifetime ECL continues to be recognised but interest income is taken on a net of provision basis. As at 30 June 2021 the Group does not have any business development loans in stage 3.

L. Fair value estimation

Other than the business development loans discussed above, the carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

1. Summary of significant accounting policies (continued)

M. Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they were incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Furniture, office equipment and computers
2 – 10 years

Leasehold improvements
term of the lease

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount in Note 1-G.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the statement of comprehensive income.

N. Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or client portfolio at the date of acquisition. Goodwill on acquisitions is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Client portfolios

Unpaid consideration for the acquistion of client portfolios is shown as an outstanding liability while the full amount of client portfolios acquired is booked as an intangible asset and amortised on a straight-line basis over a period of 10 years. The period is based on management's internal assessment of the average life of an acquired client portfolio and there is no indication that the amortization period is less than 10 years. Client portfolios are also tested for events or changes in circumstances that indicate that they may be impaired, and are carried at cost less accumulated amortisation and impairment losses.

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems where deemed appropriate. Costs capitalised include direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years.

Capitalised expenditure is tested for events or changes in circumstances that indicate that they may be impaired and whether they exceed their recoverable amount.

O. Right of use assets and lease liabilities

The Group recognizes a right-of-use asset offset with a corresponding lease liability in respect of its rented premises from the date at which the premises became available for use by the Group.

The right-of-use assets initially measured at cost will comprise the following:

- The amount of the initial measurement of the lease liabilities
- Any lease payments made at/or before the commencement date less lease incentives
- Any initial directs costs incurred by the group and
- Restoration costs

The lease liabilities as at the commencement date will include the net present value of the following lease payments:

- Any fixed payments less any lease incentives receivable
- Variable lease payments based on an index or rate, initially measured using that index or rate at commencement
- Amount expected to be payable by the Group under a residual value guarantee
- Payments of penalties for termination the lease, if the lease term reflects the group exercising the option to terminate the lease
- Exercise price of a purchase option if the Group is reasonably certain to exercise that option

1. Summary of significant accounting policies (continued)

The right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset and the end of the lease term (including the extension option where applicable) on a straight-line basis. In determining the lease term, management has considered all facts and circumstances that create an economic incentive to exercise the extension option. If the Group is reasonably certain that it will exercise the option to renew the lease then the extended period has been taken into consideration for calculating the depreciation amount. The right-of-use assets held by the Group may be subsequently adjusted for any re-measurement of the lease liability to reflect any reassessment or lease modifications identified, or to reflect revised in-substance fixed lease payments.

The lease payments are discounted using the interest rate implicit in the lease or, where that is not available, by using the lessee's incremental borrowing rate payable to borrow funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Under the standard, the lease payments are allocated between the principal and finance cost. The operating expense in respect of lease payments in the profit and loss account has been replaced by the finance cost, calculated by applying the incremental borrowing rate on the remaining balance of the lease liability, and the depreciation cost for the right-of-use asset. This has typically resulted in higher depreciation and interest expenses in earlier years and lower expenses in later years with flow on impacts to key metrics like EBITDA etc.

The Finance cost component of the lease payment is treated as an operating cash outflow in the statement of cash flows while the principal payment has been treated as a financing cash outflow.

Payments associated with short-term leases of equipment and premises with a lease term of less than 12 months continue to be recognised on a straight line basis as an expense in the profit and loss account.

P. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group before the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Q. Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

R. Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employee services up to the reporting date and are measured at the amount expected to be paid when the liabilities are settled. Personal/carers and sick leave is brought to account as incurred.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit cost method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms of maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the share option plans. Information relating to this scheme is set out in Note 24.

Subsequent options issued to employees for no consideration have the fair value of options granted under the Fiducian Employee and Director Share Option Plan recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

1. Summary of significant accounting policies (continued)

The fair value at grant date is independently determined using a binomial option-pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

S. Contributed equity

Ordinary shares are classified as equity.

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

If the entity reacquires its own equity instruments, for example as the result of a share buy-back, those instruments along with the consideration paid is deducted from equity and the shares are regarded as treasury shares until they are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly incremental costs (net of income taxes) is recognised directly in equity. Treasury shares are bought with the intention of cancellation and are not re-issued.

T. Dividends

Provision is made only for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

U. Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing the net profit after income tax attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

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

V. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

W. Rounding of amounts

The Company is of a kind referred to in Class Order 2016/191 *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument* issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

X. New accounting standards and interpretations that became effective in the current year

The revised AASB Framework was effective for the Consolidated Entity's annual financial reporting period beginning on 1 July 2020. The AASB Framework provides the AASB with a base of consistent concepts upon which future accounting standards will be developed. The AASB Framework will also assist financial report preparers to develop consistent accounting policies when there is no specific or similar standard that addresses an issue. The AASB Framework includes amendments to the definition and recognition criteria for assets, liabilities, income and expenses, guidance on measurement and derecognition, and other relevant financial reporting concepts. The application of the revised AASB Framework did not have a material impact on the Consolidated Entity's financial statements.

Other amendments made to existing standards that were mandatorily effective for the annual reporting period beginning on 1 July 2020 did not result in a material impact to the Consolidated Entity's financial statements

2. Critical accounting estimates and judgements

In preparing the Annual Report, the Group makes estimates and assumptions concerning the future which management believes are reasonable. However, outcomes may differ from management's assumptions and estimates and may require adjustments to the carrying amounts of the assets and liabilities reported. These estimates and judgements are discussed below:

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, by comparing its current amount with its recoverable amount in accordance with the accounting policy stated in Note 1-N.

(ii) Estimated impairment of client portfolios

The Group assesses at the end of each reporting period whether there is any indication that the client portfolios may be impaired in accordance with the accounting policy stated in Note 1-N. If any such indication exists, the Group shall estimate the recoverable amount of the asset. The recoverable amounts of cash-generating units have been determined based on earnings multiples requiring the use of sustainable revenue estimates and comparable market transactions.

(iii) Estimated impairment of loans receivables

The Group applies a three-stage approach to measuring the ECL based on changes in the business development loan's underlying credit risk and includes forward-looking or macroeconomic information (FLI). The calculation of ECL requires judgement and the choice of inputs, estimates and assumptions around the product of the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD). Outcomes within the next financial period that are different from management's assumptions and estimates could result in changes to the timing and amount of ECL to be recognised.

3. Segment information

A. Description of segments

Business segments

The business activities of the Group have been segregated into business segments based on legal entities and reviewed by management accordingly. The business segments are as follows:

Funds Management

The Group acts as Responsible Entity for managed investment schemes and separately managed accounts through its subsidiary Fiducian Investment Management Services Limited.

Financial Planning

The Group continues its specialist financial planning services through its subsidiary, Fiducian Financial Services Pty Ltd.

Platform Administration

The Group acts as an Registrable Superannuation Entity (RSE) of a public offer superannuation fund which is offered on its wrap platform through its subsidiary Fiducian Portfolio Services Ltd. The Group also acts as an Operator and Responsible entity of an Investor Directed Portfolio Service and the Fiducian Investment Service through another subsidiary Fiducian Investment Management Services Limited.

Corporate Services

This segment is an aggregation of the administration and professional services net of recoveries provided to the Group by a subsidiary, Fiducian Services Pty Ltd and Fiducian Business Services Pty Ltd, which provided distribution activities in the current period.

Geographical segments

The Group operates in the geographical segments of Australia and in India. The Indian operations, which are in the course of winding up, are not considered material for a separate geographical segment disclosure.

3. Segment information (Continued)

B. Primary reporting - Business segments

	Funds Management	Financial Planning	Platform Administration	Corporate Services	Segment Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
2021						
Revenue from external customers	22,823	19,446	16,371	-	-	58,640
Inter-segment sales [1]	(4,974)	(120)	(3,800)	8,894	-	-
Other revenue	22	167	-	10	-	199
Total segment revenue	**17,871**	**19,493**	**12,571**	**8,904**	**-**	**58,839**
Profit from ordinary activities before income tax, depreciation and amortisation	**11,517**	**(360)**	**10,556**	**(1,153)**	**-**	**20,560**
Depreciation, amortisation and impairment						(3,627)
Profit from ordinary activities before income tax						16,933
Income tax expense						(4,754)
Profit from ordinary activities after income tax expense						**12,179**
Segment assets	10,748	32,317	3,093	82,620	(70,183)	58,595
Segment liabilities	2,800	31,159	-	40,225	(58,458)	15,726
Acquisitions of plant and equipment, intangible and other non-current segment assets	-	(25)	-	310	-	285

[1] Intersegment sales for the current period represents internal service charges from the Administration entity to other business lines.

3. Segment information (Continued)

B. Primary reporting - Business segments (Continued)

	Funds Management	Financial Planning	Platform Administration	Corporate Services	Segment Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
2020						
Revenue from external customers	19,445	20,685	14,567	-	-	54,697
Inter-segment sales [1]	(4,550)	(120)	(3,476)	8,146	-	-
Other revenue	59	213	-	(65)	-	207
Total segment revenue	**14,954**	**20,778**	**11,091**	**8,081**	**-**	**54,904**
Profit from ordinary activities before income tax, depreciation and amortisation	**9,376**	**1,071**	**9,412**	**(1,515)**	**-**	**18,344**
Depreciation, amortisation and impairment						(3,407)
Profit from ordinary activities before income tax						14,937
Income tax expense						(4,474)
Profit from ordinary activities after income tax expense						**10,463**
Segment assets	9,546	33,071	2,893	73,665	(64,522)	54,653
Segment liabilities	2,359	32,359	-	37,108	(55,297)	16,530
Acquisitions of plant and equipment, intangible and other non-current segment assets	-	3,905	-	769	-	4,674

[1] Intersegment sales for the current period represents internal service charges from the Administration entity to other business lines.

3. Segment information (Continued)

C. Other segment information

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties in the statement of comprehensive income is reported in a manner consistent with the regular reporting provided to the board during the year.

Segment revenue reconciles to total revenue from continuing operations as follows:

	Consolidated	
	2021	**2020**
	$'000	$'000
Total segment revenue	58,640	54,697
Total revenue from continuing operations (Note 4)	58,640	54,697

The Group is domiciled in Australia. The amount of its revenue from external customers in Australia is $58,640,000 (2020: $54,697, 000).

(ii) Segment assets

Total assets are reported in a manner consistent with the regular reporting provided to the board during the year. These assets are allocated based on the operations of the segment and the physical location of the asset.

All assets are located in Australia and in India. The Indian assets are not material.

(iii) Segment liabilities

Total liabilities are reported in a manner consistent with the regular reporting provided to the board during the year. These liabilities are allocated based on the operations of the segment.

4. Revenue from ordinary activities

	Consolidated	
	2021	**2020**
	$'000	$'000
From continuing operations		
Sales revenue		
Fees received [1]	57,508	53,681
Other	1,132	1,016
Revenue from ordinary activities	58,640	54,697

[1] Includes expense recovery fee of $2,883,333 (2020: $3,800,000). For details refer to Note 6.

5. Other income

	Consolidated	
	2021	**2020**
	$'000	$'000
Interest received/receivable	199	302
Accounting Business Sale Proceeds Receivable write off	-	(95)
Other income	199	207

6. Expenses

	Consolidated 2021 $'000	2020 $'000
Profit before income tax includes the following expenses:		
a) Amortisation and depreciation expense		
Amortisation		
Capitalised computer software	9	10
Client portfolio acquisition costs	1,779	2,013
Total amortisation	1,788	2,023
Depreciation		
Furniture, office equipment and computers	255	182
Leasehold improvements	-	30
Right-of-use assets	1,584	1,172
Total depreciation	1,839	1,384
Total amortisation and depreciation expense	**3,627**	**3,407**
b) Other expenses		
Professional services	696	659
Sales, marketing and travel	1,140	1,542
Rental expense relating to operating leases	36	294
Premises and equipment	137	212
Communication and computing	1,057	989
Printing and stationery	64	197
Auditors' remuneration (Note 25)	596	960
Regulatory fees	604	390
Administration and other	2,054	1,388
Expense Recovery [1]	(1,110)	(803)
Total other expenses	5,274	5,828

[1] Under the administration agreement entered into by the Trustee, Fiducian Portfolio Services Limited, on behalf of Fiducian Superannuation Service (FSS) with Fiducian Services Pty Ltd ('the administrator") the expenses of FSS are paid on the Trustee's behalf by the administrator and are reimbursed by FSS by way of an Expense Recovery Fee. Additional out of pocket expense reimbursements of $447,221 (2020: $261,033) have been included in Expense Recovery in Note 6(b). For the current year the Expense Recovery Fee of $2,883,333 (2020: $3,800,000) has been included in Revenue from ordinary activities in Note 4 as part of Fees received.

7. Income tax expense

	Consolidated	
	2021	2020
	$'000	$'000
a) Income tax expense		
Current tax	5,268	5,082
Deferred tax	(514)	(608)
Income tax expense	4,754	4,474
Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease in deferred tax assets (Note 14)	407	348
(Decrease) in deferred tax liabilities (Note 18)	(921)	(956)
Deferred tax	(514)	(608)
b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	16,933	14,937
Tax at the Australian tax rate of 30% (2020: 30%)	5,080	4,481
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment	19	59
Sundry items	(143)	41
Income tax (over)/under provided in previous year	(202)	(107)
Income tax expense	4,754	4,474

c) Tax consolidation legislation

Fiducian Group Limited and its wholly owned subsidiaries have formed a tax consolidated group. As a consequence these financial statements have been prepared on a tax-consolidated basis where the head entity has assumed the tax liabilities initially recognised by the standalone taxpayers.

8. Dividends

	Consolidated	
	2021	**2020**
	$'000	$'000
Final ordinary fully franked dividend for the year ended 30 June 2020 of 11.50 cents (2019: Fully franked 11.30 cents) per share paid on 14 September 2020.	3,616	3,553
Interim ordinary fully franked dividend for the year ended 30 June 2021 of 12.30 cents (2020: Fully franked 11.50 cents) per share paid on 15 March 2021.	3,867	3,616
Total dividends paid during the year	7,483	7,169

Subsequent to the end of the financial year, the directors of the parent entity, Fiducian Group Limited have declared a final fully franked dividend for the year ended 30 June 2021 of 14.60 cents per ordinary share held on 30 August 2021 and payable on 13 September 2021.

Franked dividends

The franked portions of the final dividends recommended after 30 June 2021 will be franked out of existing franking credits.

	Consolidated	
	2021	**2020**
	$'000	$'000
Franking credits available for the subsequent financial year based on a tax rate of 30%	20,227	18,240

The above amounts represent the balances of the franking account as at the end of the financial year, adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits from subsidiaries were paid as dividends.

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of approximately $1,967,410 (2020: $1,549,672).

9. Current assets – Cash and cash equivalents

	Consolidated	
	2021	**2020**
	$'000	$'000
Cash at bank and in hand	19,316	13,961
Balance at end of the year	19,316	13,961

10. Current assets – Trade and other receivables

	Consolidated	
	2021	**2020**
	$'000	$'000
Amounts receivable from related entities:		
Related trusts	5,384	4,597
Business development loans *	1,659	863
Other	526	760
Prepayments	576	566
	8,145	6,786
Less: provision for impairment of trade receivables - Other	(308)	(459)
	7,837	6,327

* Refer to Note 11 for the non-current portion of these receivables.

Movement in provision for impairment of trade receivables - Other		
Balance at beginning of the year	(459)	(500)
Reduction/(Additional) provision during the year	151	41
Balance at end of the year	(308)	(459)

At 30 June 2021, a provision for impairment exists for trade receivables outstanding greater that 120 days where management considers that the receivable is impaired. There is no material loss expected other than the provisions made.

Information about the Group's exposure to interest rate risk in relation to trade and other receivables is provided in Note 32-A and details on the credit risk associated with Business Development loans in Note 32-B.

11. Non-current assets – Loan receivables

	Consolidated	
	2021	**2020**
	$'000	$'000
Business development loans *	6,455	6,266
Less: provision for impairment of loans	(321)	(554)
Balance at end of the year	6,134	5,712

* Refer to Note 10 for the current portion of these receivables.

A. Impaired receivables and receivables past due

In response to COVID-19 the Group undertook a review of its business development loans and the related ECL. The review considered the macroeconomic outlook, adviser credit quality, the type of collateral held, exposure at default and the effect of payment deferral options as at the reporting date. While the model inputs including forward-looking information were revised, the ECL models, SICR thresholds and definitions of default remain consistent with prior periods. Following the economic consequences of COVID-19 at the reporting date the timing of contractual recovery is subject to evolving regulatory and industry support for counterparties requesting such support. The deferral of contractual payments for short periods of time has not been treated as an automatic indicator of SICR or considered a default if there has not been a material effect on the present value of expected future cash flows.

11. Non-current assets – Loan receivables (continued)

The Group does not have any non-performing loans. However, consistent with the 3 stage approach to Expected Credit Loss (ECL) recognition, some underperforming loans have been classified as Stage 2 where there has been a Significant Increase in Credit Risk (SICR) in underlying exposures since initial recognition. Despite these assets not being of a lower credit quality than exposures classified in stage 1. In accordance with the ECL methodology, these loans have transitioned from stage 1 to stage 2, requiring the provision of a Lifetime ECL.

	Consolidated	
	2021	**2020**
	$'000	$'000
Underperforming loans included in Stage 2 assessment	2,827	2,905
Impaired receivables and receivables past due	2,827	2,905
Less: Lifetime ECL against Stage 2	(321)	(554)
Net impaired receivables and receivables past due	2,506	2,351

The Group assessed semi-annually its business development loans and the related ECL to determine whether there has been a SICR. The review considered the macroeconomic outlook, adviser credit quality, the type of collateral held, exposure at default and the effect of payment deferral options, if any, as at the reporting date. The deferral of contractual payments for short periods of time is not been treated as an automatic indicator of SICR by and of themselves.

The SICR methodology used in the review is a relative credit risk based approach which considers changes in an underlying exposure's credit risk since origination. The Group used three downside scenarios anchored to a deterioration in the ASX 200, broadly representing low, medium and significant downside to determine a SICR. Since the prior year the Group has adopted a fourth more extreme scenario to recognise a COVID-19 fueled economic environment. There has been a slight decrease in the quantum of Stage 2 exposures under this scenario.

In calculating the ECL, loan exposures which in prior years had shown a SICR had gradually reduced over time through repayments and therefore after application of probability to the exposure's PDs and LGD and adjusting for the collateral held, the Group determined that the current ECL balance was higher than required and accordingly it was reduced by an amount of $233,000. No further provision was required despite the increase in exposure.

Security

Under the terms of agreement for business development loans, the Group has a security deed over all the assets of the franchisee's business registered in the Personal Property Security Register. This security may be called upon if the franchisee defaults under the terms of the agreement.

B. Fair values

The fair values and carrying values of non-current receivables of the Group are as follows:

	2021		2020	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$'000	$'000	$'000	$'000
Business development loans *	6,134	6,134	5,712	5,712

* Business development loans are carried at amortised cost; their carrying value is a reasonable approximation of fair value.

12. Investment in Subsidiaries

The Group's subsidiaries as at 30 June 2021 are set out below.

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding %
Fiducian Investment Management Services Ltd (FIMS) [1]	Australia	Ordinary	100
Fiducian Portfolio Services Ltd (FPS) [2]	Australia	Ordinary	100
Fiducian Services Pty Ltd (FSL) [3]	Australia	Ordinary	100
Fiducian Financial Services Pty Ltd (FFS) [4]	Australia	Ordinary	100
Fiducian Business Services Pty Ltd (FBS) [5]	Australia	Ordinary	100

[1] The Company acts as the Responsible Entity for the Fiducian Funds and Separately Managed Accounts service. The Company is also the Operator of the Fiducian Investment Service.

[2] The Company acts as the Trustee for the Fiducian Superannuation Service.

[3] The Company provides platform administration and self-managed superannuation services to clients and corporate services to other entities within the Group.

[4] The principal activity of the Company is the provision of a specialist financial planning services network.

[5] The Company is responsible for the distribution and business development activities on behalf of the Group.

In addition to the above subsidiaries, Fiducian Business Services has a 90% equity investment in Fiducian Resourcing Services Pvt Ltd, a company incorporated in India. The operations of this company, which are in the process of being wound up, are not considered material to the Group in 2021.

13. Non-current assets – Property, plant & equipment

	Consolidated	
	2021	**2020**
	$'000	$'000
Plant and Equipment		
Cost	2,620	2,515
Less: accumulated depreciation	(2,009)	(1,756)
Total plant and equipment	611	759

13. Non-current assets – Property, plant & equipment (continued)

Movements

Reconciliation of the carrying amount of each class of property, plant and equipment are set out below.

	Furniture and Office Equipment	Computers	Leasehold Improvements	Total
	$'000	$'000	$'000	$'000
At 30 June 2019				
Cost	300	582	834	1,716
Accumulated depreciation	(264)	(476)	(804)	(1,544)
Net book amount	36	106	30	172
Year ended 30 June 2020				
Opening net book amount	36	106	30	172
Additions	19	780	-	799
Disposals	-	-	-	-
Depreciation	(17)	(165)	(30)	(212)
Closing net book amount	38	721	-	759
At 30 June 2020				
Cost	319	1,362	834	2,515
Accumulated depreciation	(281)	(641)	(834)	(1,756)
Net book amount	38	721	-	759
Year ended 30 June 2021				
Opening net book amount	38	721	-	759
Additions	-	109	-	109
Disposals	(3)	-	-	(3)
Depreciation	(15)	(239)	-	(254)
Closing net book amount	20	591	-	611
At 30 June 2021				
Cost	316	1,471	834	2,621
Accumulated depreciation	(296)	(880)	(834)	(2,010)
Net book amount	20	591	-	611

14. Non-current assets – Deferred tax assets

	Consolidated	
	2021	**2020**
	$'000	$'000
The balance comprises temporary differences attributable to:		
Doubtful debts	93	138
Employee benefits	702	636
Accrued expenditure	374	464
Provision for audit and taxation services	214	150
Provision for FBT	5	8
AASB 16 lease adjustments	1,761	2,160
Deferred tax assets before set off	3,149	3,556
Set off against deferred tax liabilities (Note 18)	(3,149)	(3,556)
	-	-
Movements:		
Opening balance at 1 July	3,556	1,447
Addition during the year	-	2,457
Taken to the statement of comprehensive income	(407)	(348)
Deferred tax assets before set off	3,149	3,556
Set off against deferred tax liabilities	(3,149)	(3,556)
	-	-

15. Non-current assets – Intangible assets

	Consolidated	
	2021	2020
	$'000	$'000
Deferred expenditure		
Capitalised expenditure – computer software	5,259	5,060
Less: Accumulated amortisation	(5,044)	(5,035)
	215	25
Client portfolios		
Cost of acquisition of client portfolios	20,332	20,376
Less: Accumulated amortisation	(10,396)	(8,617)
	9,936	11,759
Goodwill		
Goodwill on acquisition	9,976	9,957
Less: Impairment/amortisation	(754)	(754)
	9,222	9,203
Total intangible assets	19,373	20,987

15. Non-current assets – Intangible assets (Continued)

A. Movements

Movements in each category are set out below:

	Acquisition of Client Portfolios	Goodwill on Acquisition	Capitalised Computer Software	Total
	$'000	$'000	$'000	$'000
At 30 June 2019				
Cost	18,143	9,200	5,026	32,369
Accumulated amortisation/impairment [2]	(6,604)	(659)	(5,025)	(12,288)
Net book amount	11,539	8,541	1	20,081
Year ended 30 June 2020				
Opening net book amount	11,539	8,541	1	20,081
Additions [1]	2,233	662	34	2,929
Amortisation/impairment charge [2]	(2,013)	-	(10)	(2,023)
Closing net book amount	11,759	9,203	25	20,987
At 30 June 2020				
Cost	20,376	9,862	5,060	35,298
Accumulated amortisation/impairment [2]	(8,617)	(659)	(5,035)	(14,311)
Net book amount	11,759	9,203	25	20,987
Year ended 30 June 2021				
Opening net book amount	11,759	9,203	25	20,987
Additions/Work in progress [1]	43	19	199	261
Sale of business	(87)	-	-	(87)
Amortisation/impairment charge [2]	(1,779)	-	(9)	(1,788)
Closing net book amount	9,936	9,222	215	19,373
At 30 June 2021				
Cost	20,332	9,881	5,259	35,472
Accumulated amortisation/impairment [2]	(10,396)	(659)	(5,044)	(16,099)
Net book amount	9,936	9,222	215	19,373

[1] Capitalised computer software costs includes an internally generated intangible asset. The assets in this category have been amortised on the basis of 5 year useful life.

[2] Amortisation of $1,788,000 (2020 : $2,023,000) is included in depreciation, amortisation and impairment expense in the statement of comprehensive income.

15. Non-current assets – Intangible assets (Continued)

B. Impairment tests for goodwill and client portfolios

Goodwill and client portfolios are allocated to the financial planning business reportable segment which has been identified as the applicable cash-generating unit (CGU). The CGU is the lowest level within the entity at which the goodwill and client portfolios are monitored for internal management purposes on an ongoing basis. The recoverable amount of the CGU is determined based on market value calculations in line with the fair value less cost of disposal method and represents a level 2 fair value estimate. These calculations apply income multiples consistent with the market valuations of similar financial services businesses to recurring revenue from the CGU at the year end, less cost to sell.

C. Impact of possible changes in key assumptions

In the current year there has been considerable volatility in the economic environment as a result of COVID-19. Management has carefully considered the impact of COVID-19 and the implications of lower economic activity on its operations. However management has not observed any disruption to its operations or significantly lower revenue as a result of the reduced economic activity, and therefore have seen no reason to reduce the estimates for operating cash flows for impairment testing purposes.

The estimates and judgments included in the fair value calculations are based on historical experience, observed transactions in the market for similar financial services businesses and other factors, including management's and the Directors' expectations of future events that are believed to be reasonable under the current circumstances. There has been no impairment recognised for the Group's CGUs in the impairment assessment performed at 30 June 2021. The key assumption made in the assessment of impairment of goodwill is the income multiple applied to recurring revenues. The income multiple assumption is compared to market each year and adjusted appropriately. In the current year, there has been considerable volatility in the securities markets as a result of COVID-19. Based on management's current assessment, the recoverable amount of the Group's CGU exceeds the carrying amount. An 8% change in the current multiples of 2.2 used in the assumption would be required before the carrying value of the CGU would exceed the recoverable amount.

To assess the accuracy of the market value calculation, management performed an alternative analysis using the value-in-use model which considers long term assumptions such as market growth rates, a terminal growth rate, inflation rates and a discount rate. Based on management's value-in-use analysis, the recoverable amount of the Group's CGU exceeds the carrying amount and is consistent with the outcome of the market value approach.

D. Impairment charge

During the year, no impairment charge was recorded in the books (2020: Nil).

16. Current liabilities – Trade and other payables

	Consolidated	
	2021	**2020**
	$'000	$'000
Trade payables	2,611	2,142
Other payables [1,2]	2,940	2,150
Client portfolio deferred settlement	-	545
Annual leave entitlements accrued	791	730
Long service leave entitlements accrued	1,132	1,110
Total trade and other payables	7,474	6,677

Information about the Group's exposure to credit and interest rate risk is shown in Note 32.

[1] Includes a provision for fee for no service remediation of $100,000 (2020: $100,000) which has been retained though no claims for compensation have been received.

[2] Other payables include retirement benefits payable to planners covered under salary agreements with Fiducian Financial Services Pty Limited. Under the terms of the agreement with certain long serving salaried financial planners, those planners are entitled to a service fee subsequent to their retirement from the Company, under conditions designed to protect the Company's client base. Eligibility to this service fee is based on service period and payment is subject to further ongoing conditions, including client retention, provision of support services to the entity to achieve this aim. The benefit is personal to the planner and is not transferable and can be stopped by or repaid to Fiducian Financial Services Pty Ltd should there be a breach of conditions, and will be reduced if the planner purchases some or all of their client base at or after retirement. This arrangement has been accounted for in accordance with AASB 119 *Employee Benefits*.

17. Current liabilities – Current tax liabilities

	Consolidated	
	2021	**2020**
	$'000	$'000
Income tax	457	360
Total current tax liabilities	457	360

18. Non-current liabilities – Deferred tax liabilities

	Consolidated	
	2021	**2020**
	$'000	$'000
The balance comprises temporary differences attributable to:		
Recognition and depreciation of ROU assets	1,595	2,072
Recognition and amortisation of client portfolios	3,037	3,462
Deferred tax liabilities before set off	4,632	5,534
Set off against deferred tax assets	(3,149)	(3,556)
Net deferred tax liabilities	1,483	1,978
Movements:		
Opening balance at 1 July	5,534	3,407
Addition during the year	19	3,083
Taken to the statement of comprehensive income	(921)	(956)
Deferred tax liabilities at 30 June before set off	4,632	5,534
Set off against deferred tax assets	(3,149)	(3,556)
Net deferred tax liabilities	1,483	1,978
Expiration of net deferred tax liabilities		
within 12 months	936	595
after 12 months	547	1,383
Total deferred tax liabilities	1,483	1,978

19. Non-current liabilities – Provisions

	Consolidated	
	2021	**2020**
	$'000	$'000
Employee benefits - long service leave	419	280
Total provisions	419	280

The provision for long service leave includes all pro-rata entitlements where employees have not yet completed the required period of service and also those where employees are entitled to pro-rata payments. The entire amount is presented as non-current as no material amounts are expected to be settled within the next 12 months.

20. Contributed equity

A. Share Capital

	Consolidated	
	2021	2020
	$'000	$'000
Ordinary shares - fully paid	7,636	7,636
Total share capital	7,636	7,636

B. Movements in ordinary share capital

Date	Details	Number of shares	$'000
1 July 2019	Opening balance	31,442,623	7,636
	Shares bought back on market and cancelled	-	-
	Shares issued on exercise of options	-	-
30 June 2020	Balance	31,442,623	7,636
	Shares bought back on market and cancelled	-	-
	Shares issued on exercise of options	-	-
30 June 2021	Balance	31,442,623	7,636

C. Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amount paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and, upon a poll each share is entitled to one vote.

D. Share buy-back

Between 1 July 2020 and 30 June 2021, the Company did not purchase and cancel any ordinary shares on-market.

At 30 June 2021, 478,255 shares remained available to be repurchased under the most recently announced buy back notice to the ASX.

E. Options

Information relating to Fiducian Group Employee & Director options issued, exercised and lapsed during the year is set out in Note 24.

20. Contributed equity (continued)

F. Capital risk management

The Group's objectives when managing capital of the wholly owned subsidiaries within the Group are to safeguard its ability to continue as a going concern, to individually continue to meet externally imposed capital requirements of APRA and ASIC under its Registrable Superannuation Entity (RSE) Licence, Responsible Entity (RE) Licence and their Australian Financial Services (AFS) Licence, and to continue to provide returns to shareholders and benefits to other stakeholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders via an on-market share buy-back, or issue new shares upon exercise of outstanding options. There has been no borrowing to maintain capital adequacy.

The externally imposed requirements are:

a. Under its ASIC RE Licence, the RE, Fiducian Investment Management Services Limited, must maintain $5,000,000 net tangible assets at all times during the financial year.

b. Under its AFS Licence, Fiducian Portfolio Services Limited must maintain $150,000 cash at all times during the financial year.

The requirement under the AFS Licence and RE Licence are maintained by placing cash on deposit with an Authorised Deposit taking Institution. The requirement under the AFS Licence is reported to the Board quarterly at each meeting.

21. Reserves

	Consolidated	
	2021	**2020**
	$'000	$'000
Movements		
Share-based payments reserve		
Balance at 1 July	25	22
Option expense	50	3
Transfer to retained profits (on exercise of options)	-	-
Balance at 30 June	75	25

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

22. Retained profits

	Consolidated	
	2021	**2020**
	$'000	$'000
Movements		
Balance at 1 July	30,462	27,168
Net profit for the year	12,179	10,463
Dividends paid (Note 8)	(7,483)	(7,169)
Balance at 30 June	35,158	30,462

23. Key management personnel disclosures

A. Key management personnel

	Consolidated	
	2021	2020
	$	$
Short-term employee benefits	873,680	810,472
Post-employment benefits	42,895	35,203
Share-based payment	48,986	3,614
Total payments to key management personnel	965,561	849,289

Detailed remuneration disclosures are provided in sections A-E of the Remuneration Report contained in the Directors' Report.

B. Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options, together with terms and conditions of the options, can be found in section D of the Remuneration Report.

(ii) Option holdings

The number of options over ordinary shares in the Company held during the financial year by each director of Fiducian Group Limited, including their personally related and associated entities, are set out below.

2021

Name	Balance at the start of the year	Exercised	Granted during the year as remuneration	Lapsed during the year	Balance at the end of the year	Vested and exercisable
I Singh [1]	35,000	-	-	-	35,000	35,000

[1] Under the terms of his employment Mr I Singh is entitled to 90,000 options relating to the year ended 20 June 2021. These are subject to approval at the annual general meeting on 21 October 2021 and therefore these have not been included in the above table.

2020

Name	Balance at the start of the year	Exercised	Granted during the year as remuneration	Lapsed during the year	Balance at the end of the year	Vested and exercisable
I Singh [1]	35,000	-	-	-	35,000	35,000

[1] Under the terms of his employment Mr I Singh is not entitled to any options relating to the year ended 30 June 2020.

23. Key management personnel disclosures (continued)

(iii) Shareholdings

The number of shares in the Company held during the financial year by each director of Fiducian Group Limited, including their personally related and associated entities, are set out below. There were no shares granted during the period as compensation.

2021

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
I Singh	10,872,061	-	-	10,872,061
R Bucknell	500,000	-	-	500,000
F Khouri	268,323	-	-	268,323
S Hallab	68,027	-	6,500	74,527

2020

Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
I Singh	10,723,851	-	148,210	10,872,061
R Bucknell	583,000	-	(83,000)	500,000
F Khouri	268,323	-	-	268,323
S Hallab	52,477	-	15,550	68,027

Shares provided on exercise of options

During the year no ordinary share was issued as a result of the exercise of remuneration options to the Executive Chairman of Fiducian Group Limited (2020: Nil). No amounts are unpaid on any shares issued on the exercise of options.

C. Loans to directors

No loans were made to directors during the financial year (2020: Nil).

23. Key management personnel disclosures (continued)

D. Other transactions with key management personnel

A director, Mr. R Bucknell, is a director of Hunter Place Services Pty Ltd, a company which provides his services as a director to the Group.

A director, Mr. F Khouri, is an authorised representative under the Fiducian Financial Services Pty Ltd Australian Financial Services Licence and is a director and shareholder of Hawkesbury Financial Services Pty Ltd, which is a franchisee of Fiducian Financial Services Pty Ltd.

Hawkesbury Financial Services Pty Ltd places business with and receives financial planning remuneration from the Group. All transactions are on normal commercial terms and conditions.

Aggregate amounts of each of the above types of other transactions with directors of Fiducian Group Limited:

	Consolidated	
	2021	**2020**
	$	$
Directors' fees and committee fees *	302,275	267,679
Financial planning fees paid or payable	264,350	246,134
Total payments relating to other transactions with key management personnel	566,625	513,813

* Details of these fees and explanations for the increase have been provided in the Remuneration report included in the Director's report.

Shares under option

Unissued ordinary shares of Fiducian Group Limited under option at the date of this report are disclosed in Note 24 of the financial report.

No option holder has any right under the options to participate in any other share issue of the company or any other entity until after the exercise of the option.

Shares issued on the exercise of options

The details of ordinary shares of Fiducian Group Limited issued during the year ended 30 June 2021 on the exercise of options granted under The Fiducian Group Limited Employee & Director Share Option Plan is disclosed under Note 24 to the financial report.

24. Share based payments

A. Employee and director share option plan (ESOP)

The establishment of the Fiducian Group Limited ESOP was approved by shareholders at the 2000 Annual General Meeting. The ESOP is designed to provide long-term incentives for senior managers and directors to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or receive any guaranteed benefits.

The parent entity has established the ESOP, which is designed to provide incentives to employees and directors. All grants of options under the ESOP are subject to compliance with the *Corporations Act 2001* and ASX Listing Rules.

The directors may, from time to time, determine which employees and directors may participate in the ESOP, and the number of options that may be issued to them. The directors have an absolute discretion to determine who will participate and the number of options that may be issued. The ESOP provides for an upper limit on the number of options that may be outstanding, the exercise price, exercise period and expiry, and adjustments in the event of capital restructuring. The directors have resolved that the ESOP no longer applies to non-executive directors.

Options are granted under the plan for no consideration. Employee options are granted for a five-year period where 35% vest after one year, a further 45% vest after two years and the balance vest after three years. Director options vest after one year. Options granted under the plan carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share on payment of the exercise price.

The exercise price of options is based on the volume weighted average price at which the Company's shares are traded on the Australian Securities Exchange during the month preceding the date the options are granted. 90,000 options (2020: Nil) will be issued to the Executive Chairman in October 2021 in respect of his entitlement relating to financial year ended 30 June 2021 and no employee options expired during the same period (2020: Nil).

Subject to prior approval by shareholders, the Company may issue each year a maximum of 100,000 options to the executive director for each year of service, subject to performance criteria being met in accordance with his executive agreement. The Directors have resolved to issue 90,000 options (2020: Nil) to the Executive Chairman in respect of the year ended 30 June 2021. The assessed fair value at reporting date of the share based payments during the year ended 30 June 2021 was $1.27 per option (2020: Nil). If applicable the fair value at reporting date has been calculated using the Black Scholes pricing model. The assumptions used in the valuation of these options included a risk free rate of 1.75%, semi-annual dividends of 14.6 cents per share (in line with the most recently declared divided) and volatility in the Company's share price of 27.6%, based on observed data for the last two years.

Set out below are summaries of options granted under various option plans:

Grant Date	Expiry Date	Exercise Price	Balance at Start of the Year	Granted During the Year	Exercised During the Year	Lapsed During the Year	Balance at End of the Year	Vested & Exercisable at the End of Year
Consolidated 2021			Number	Number	Number	Number	Number	Number
ESOP-Executive Chairman								
25 Oct 18	25 Oct 23	$4.35	35,000	-	-	-	35,000	35,000
			35,000	-	-	-	35,000	35,000
Weighted average exercise price			$4.35	-	-	-	$4.35	$4.35

Under the terms of his employment Mr I Singh is entitled to 90,000 options at a strike price of $6.47 relating to the year ended 30 June 2021. These are subject to approval at the annual general meeting on 21 October 2021 and therefore these have not been included in the above table.

The volume of weighted average remaining contractual life of share options outstanding at the end of the period was 2.32 years (2020: 3.32 Years).

24. Share based payments (Continued)

A. Employee and director share option plan (ESOP) (Continued)

Grant Date	Expiry Date	Exercise Price	Balance at Start of the Year	Granted During the Year	Exercised During the Year	Lapsed During the Year	Balance at End of the Year	Vested & Exercisable at the End of Year
Consolidated 2020			Number	Number	Number	Number	Number	Number
ESOP-Executive Chairman								
25 Oct 18	25 Oct 23	$4.35	35,000	-	-	-	35,000	35,000
			35,000	-	-	-	35,000	35,000
Weighted average exercise price			$4.35	-	-	-	$4.35	$4.35

The volume of weighted average remaining contractual life of share options outstanding at the end of the period was 3.32 years (2020: 4.32 Years).

B. Expenses arising from share-based payment transactions

Expenses of $48,986 (2020: $3,614) arising from share-based payment transactions were recognised during the period as part of employee benefit expense. The total amount of options relating to FY21 is $114,300 which will be expensed over the vesting period in accordance with the accounting standards.

25. Remuneration of auditors

KPMG replaced PricewaterhouseCoopers as the auditor of the parent entity and its related practices in the current year. Accordingly, the current year auditor remuneration in the table below was paid or payable for services provided by KPMG while the auditor remuneration for the comparative year relates to services provided by PricewaterhouseCoopers:

	Consolidated	
	2021	**2020**
	$	$
Audit and review of financial reports		
Group	57,750	130,076
Controlled entities and joint operations	102,750	75,000
Funds	227,500	338,000
Total audit and review of financial reports	388,000	543,076
Other statutory assurance services	111,750	105,000
Other assurance services	50,250	134,000
Other services		
Internal audit fees paid to KPMG	46,434	-
Tax compliance services paid to PwC	-	104,700
Tax advisory services paid to PwC	-	24,000
Consulting services paid to PwC	-	55,000
Total other non-audit services	46,434	183,700
Total service provided by Auditor	596,434	965,776

25. Remuneration of auditors (Continued)

It is the Group's policy to engage the external auditor on assignments in addition to their statutory audit duties where the external auditor's expertise and experience with the Group are important, provided that the auditor's independence is not impacted. Fees accrued and expensed in the financial statements of the Group relate solely to the services provided to the Company and its controlled entities.

Prior to being appointed as external auditors of the Group, KPMG acted as the internal auditor of Fiducian Superannuation Service. KPMG did not provide any other services to the Group during the year.

26. Contingent liabilities

Contingent liabilities at 30 June 2021 represent bank guarantees for property leases of parent and group entities amounting to $818,753 (2020: $818,753).

27. Commitments

	Consolidated	
	2021	**2020**
	$'000	$'000
Business development loan commitments payable within one year	1,141	130
	1,141	130

28. Related-party transactions

A. Parent entity

The parent entity within the Group is Fiducian Group Limited.

B. Subsidiaries

Interests in subsidiaries are set out in Note 12.

The consolidated financial report incorporates the assets, liabilities and results of the subsidiaries set out in Note 12 in accordance with the accounting policy described in Note 1-B.

C. Key management personnel

Disclosures relating to key management personnel are set out in Note 23.

28. Related-party transactions (Continued)

D. Transactions with related parties

(i) Transactions between the Group and other related entities include the following:

a. Operator fee income received from related Investor Directed Portfolio Service (IDPS)
b. Trustee fee income received from related trusts
c. Recovery of group costs from related trusts
d. Collection of fees by Responsible Entities from the related funds and Separately Managed Accounts

The above transactions were on normal commercial terms and conditions and at market rates. All transactions between Group entities are eliminated on consolidation.

(ii) Transactions with related parties of directors include the following:

a. Financial planning fees paid by Fiducian Financial Services Pty Limited to entities associated with the directors
b. Financial planning fees paid by Fiducian Financial Services Pty Limited to entities associated with relatives of the directors

The above transactions were on normal commercial terms and conditions and at market rates.

The following transactions occurred with related parties:

	Consolidated		
	Ownership Interest [1]	2021 $	2020 $
Related trusts			
Fiducian Investment Service	Nil		
Operator fees income		7,314,165	6,626,790
Expense recovery		35,936	160,715
Fiducian Superannuation Service	Nil		
Operator fees income		19,346,854	17,711,020
Expense recovery		3,252,495	4,061,034
Fiducian Funds	Nil		
Operator fees income		21,328,969	17,827,134
Expense recovery		393,451	495,713
Entities associated with directors or their relatives			
Hawkesbury Financial Services Pty Ltd [2]			
Financial planning fees paid		264,350	246,134
Fiducian Financial Services Bondi Junction Pty Ltd [3]			
Financial planning fees paid		136,992	154,341

[1] "Ownership Interest" means the percentage of capital of the Company held directly and/or indirectly through another entity by Fiducian Group Limited.

[2] Payments to Franchisee associated with director, F Khouri in the normal course of business in arm's length transactions.

[3] Payments to Franchisee associated with a relative of R Bucknell, in the normal course of business in arm's length transactions.

28. Related-party transactions (Continued)

E. Outstanding balances arising from sales / purchases of services provided

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2021	2020
	$	$
Current receivables (income from related trusts)	5,384,600	4,596,853
Total current receivables	5,384,600	4,596,853

No ECL provision is required to be raised in respect of any outstanding balances and no expense is required to be recognised in respect of impaired receivables due from related parties.

29. Reconciliation of profit or loss after income tax to net cash inflow from operating activities

	Consolidated	
	2021	2020
	$'000	$'000
Profit for the year	12,179	10,463
Non-cash employee benefit	221	136
Amortisation and depreciation	3,627	3,407
Changes in operating assets and liabilities:		
Change in accounts receivable	(403)	(843)
Change in income tax payable	(216)	(306)
Change in trade creditors	737	(217)
Change in other creditors	408	(277)
Change in deferred income tax liability	(514)	(641)
Net cash inflow from operating activities	16,039	11,722

30. Earnings per share

	Consolidated 2021	2020
Earnings per share using weighted average number of ordinary shares outstanding during the period:		
A. Basic earnings per share (in cents)		
Profit from continuing operations attributable to the ordinary equity and potential ordinary equity of the company	38.74	33.28
B. Diluted earnings per share (in cents)		
Profit from continuing operations attributable to the ordinary equity of the company	38.70	33.24

	Consolidated 2021 Number	2020 Number
C. Weighted average number of shares used as denominator		
Weighted average number of ordinary shares used as denominator in calculating basic earnings per share	31,442,623	31,442,623
Adjustments for calculation of diluted earnings per share options	30,450	30,450
Weighted average number of ordinary shares and potential ordinary shares used as denominator in calculating diluted earnings per share	31,473,073	31,473,073

	Consolidated 2021 $'000	2020 $'000
D. Reconciliation of earnings used in calculating basic and diluted earnings per share		
Net profit and earnings used to calculate basic and diluted earnings per share	12,179	10,463

E. Information concerning the classification of securities

Options granted to employees under the Fiducian Group Limited Employee Share Option Plan (ESOP) are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent that they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 24.

31. Events occurring after balance date / reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group.

32. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group holds the following financial instruments:

	Consolidated	
	2021	**2020**
	$'000	$'000
Financial assets		
Cash and cash equivalents	19,316	13,961
Trade and other receivables	6,178	5,464
Business development loans	7,793	6,575
Total financial assets	33,287	26,000
Financial liabilities		
Trade and other payables	7,893	6,957

A. Market risk

(i) Foreign exchange risk

The Group has limited operations outside Australia and is not exposed to any material foreign exchange risk.

(ii) Interest rate risk

The Group's main interest rate risk arises from deposits in Australian dollars and loans to planners. The Group has no borrowings.

	30 June 2021		30 June 2020	
	Weighted Average Interest Rate	**Balance**	**Weighted Average Interest Rate**	**Balance**
	%	$'000	%	$'000
Cash at bank and on deposit	0.15%	19,316	0.34%	13,961
Business development loans	2.23%	7,793	2.50%	6,575
		27,109		20,536

Bank deposits are at call and Business Development loans have terms extending between 1 and 10 years, and may be repayable sooner in certain circumstances. Interest rates are reviewed and adjusted at least quarterly.

The Group's main interest rate risk arises from cash and cash equivalents and loans with variable interest rates. At 30 June 2021 if interest rates change by +/- 100 basis points (2020: +/- 100 basis points) from the year end rates with all other variables held constant, post-tax profit would have been $192,020 higher or lower (2020: $ 143,753).

32. Financial risk management (Continued)

B. Credit risk

Credit risk for the Group arises from trade receivables, cash at bank and on deposits, business development and staff loans.

Risk Management

The Group has low credit risk from trade receivables, as management fee and financial planning income is received within one month of it falling due. Financial planning fees are only paid following the receipt of the related income, thereby mitigating credit risk.

For cash at bank and on deposits, the credit quality assessed against external credit ratings and only parties with minimum rating as detailed below in the table are accepted. For business development loans which are unrated, management assesses the credit quality of the franchisee based on credit rating scorecard taking into account financial position, collateral to provide security for the loan and cultural alignment to the business. The compliance with credit limits are monitored regularly by line management.

The credit quality of other financial assets can be assessed against external credit ratings (Standard & Poor's) as follows:

	Consolidated	
	2021	**2020**
	$'000	$'000
Cash at bank and on deposit		
AA-	19,316	13,961
Business development loans		
Unrated	7,793	6,575

Business development loans have been categorised in line with the Group's internal credit classification as follows:

	Consolidated	
	2021	**2020**
	$'000	$'000
Performing	5,287	4,224
Under performing	2,827	2,905
Non performing	-	-
Loans written off	-	-
Total gross loan receivables	8,114	7,129
Less: Loan loss allowance	(321)	(554)
Less: Write off	-	-
Loan receivables net of expected credit losses	7,793	6,575

Security

Under the terms of the agreement for business development loans, the Group has a security deed over all the assets of the franchisee's business which is registered on the Personal Property Security Register. This security may be called upon if the franchisee defaults under the terms of agreement.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised on this page.

32. Financial risk management (Continued)

C. Liquidity risk

The Group maintains sufficient liquid reserves to meet all foreseeable working capital, investment and regulatory licensing requirements.

D. Maturity of financial liabilities

The table below analyses the group's financial liabilities into relevant maturity groupings based on their contractual maturities.

	Contractual Cash Flows		Carrying Amount	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Trade and other payables and provisions				
Due in less than 1 year	7,474	6,677	7,474	6,677
Due in more than 1 year	419	280	419	280
Lease Liabilities				
Due in less than 1 year	1,407	1,741	1,253	1,377
Due in more than 1 year	4,765	6,619	4,640	5,858
Total financial liabilities	14,065	15,317	13,786	14,192

E. Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurements or for disclosure purposes.

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and

(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Group did not have any assets or liabilities recognised at fair value as at 30 June 2021.

F. Assets and liabilities not carried at fair value but for which fair value is disclosed

Cash and cash equivalents include deposits held with bank and other short-term investments in an active market.

Trade receivables include the contractual amount for settlement of the trade debts due to the Group. The carrying amount of the trade receivables is assumed to approximate their fair values due to their short-term nature.

Business development loans represent contractual payments by advisers over the period of loan. Loans classified as current have not been discounted as the carrying values are a reasonable approximation of fair value due to the short-term nature. Non-current loans have been valued at the present value of estimated future cash flows discounted at the market interest rates for these type of loan.

Trade and other payables include amounts due to creditors and accruals and represent the contractual amounts and obligations due by the Company for expenses. The carrying amount of the trade and other payables are assumed to approximate the fair value due to their short-term nature.

33. Parent entity financial information

The stand-alone summarised financial statements of the Company is as follows:

	Parent Entity	
	2021	**2020**
	$'000	$'000
A. Balance sheet		
Current Assets	32,490	28,845
Non-Current Assets	11,849	9,349
Total Assets	44,339	38,194
Current Liabilities	85	-
Non-Current Liabilities	46	-
Total Liabilities	131	-
Net Assets	44,208	38,194
Equity		
Share capital	7,636	7,636
Reserves	75	25
Retained Earnings	36,497	30,533
Equity	44,208	38,194
B. Total comprehensive income		
Dividend from subsidiary and other income	13,100	12,000

34. Deed of Cross – Guarantee

The Company has in place a deed of cross-guarantee, substantially in the form of ASIC Pro Forma 24 with each wholly owned member of the Fiducian Group, with the exception of Fiducian Portfolio Services Ltd. This entity has been excluded from the Group deed of cross-guarantee following the release of ASIC class order disallowing APRA regulated entities from being part of a closed group covered by a deed of cross-guarantee. Since the financial statements of this excluded entity are not material to the consolidated financial statements, management do not consider it necessary to disclose additional consolidation information related to the closed group excluding this entity.

The effect of the deed of cross-guarantee is that each participating member that has entered into the deed, guarantees to each creditor of any participating member of the Fiducian Group that has entered into the deed, payment in full of any debt owed to that creditor in the event of winding up of that relevant member of the Fiducian Group.

35. Lease assets and liabilities

	Consolidated	
	30 Jun 2021	**30 Jun 2020**
	$'000	$'000
(i) Amount recognised in the Statement of Financial Position		
Right-of-use asset		
Property	5,005	6,472
Equipment	319	435
	5,324	6,907
Lease Liabilities		
Current	1,315	1,377
Non-Current	4,578	5,858
	5,893	7,235
Deferred tax assets	1,761	2,160
Deferred tax liabilities	1,595	2,072
(ii) Amount recognised in the Statement of Comprehensive Income		
Depreciation relating to the Right-of-use assets	1,584	1,172
Interest Expense (Finance Cost)	389	297
Expense relating to short term leases	36	294
(iii) Total Cash outflows relating to operating leases		
Principal payments included under Financing activities	1,731	1,143
Interest payments included under operating activities	389	297
	2,120	1,440

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 28 to 71 are in accordance with the *Corporations Act 2001*, including

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements and

(ii) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2021 and of their performance for the financial year ended on that date and

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

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the wholly owned group identified in Note 12 will be able to meet any obligations or liabilities to which they are, or may become subject by virtue of the deed of cross-guarantee described in Note 34.

Note 1-A confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Executive Chairman and Chief Financial Officer required by Section 295A of the *Corporations Act 2001*.

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

Inderjit (Indy) Singh OAM
Executive Chairman

Sydney,
16 August 2021

KPMG

Independent Auditor's Report

To the shareholders of Fiducian Group Ltd

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Fiducian Group Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated Statement of financial position as at 30 June 2021;
- Consolidated Statement of comprehensive income, Consolidated Statement of changes in equity, and Consolidated Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

KPMG

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Valuation of Goodwill; and
- Revenue recognition.

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.

Valuation of Goodwill - $9.2m

Refer to Note 1N. Intangible Assets and Note 15 Goodwill to the Financial Report

The key audit matter	How the matter was addressed in our audit
A key audit matter for us was the Group's testing of goodwill for impairment, given the size of the balance (being 17% of total assets). At each year end, the Group performs an annual impairment test for goodwill. Due to the changes observed in the Financial Planning Industry as a result of the outcome of the Royal Commission recommendations, the Group assessed the valuation of goodwill using two methods being the value-in-use discounted cash flow model and the market multiple model. The key assumptions the Group applied in their annual impairment test for goodwill includes the following: • Market multiples used by the Group in determining the estimated fair value of the acquired financial planning businesses. The Financial Planning Industry Group's market multiple model is sensitive to changes in the market multiple. • Forecast cash flows, growth rates and terminal growth rates. The Group has experienced changes resulting from the recommendations of the Royal Commission. This increases the risk of inaccurate forecasts or a wider range of possible outcomes for us to consider. • A cash generating unit ("CGU") specific discount rate incorporating the appropriate risks. These are complicated in nature and vary according to the conditions and environment the specific CGU is subject to from time to time.	Working with our valuation specialists, our procedures included: • We considered the appropriateness of the methods applied by the Group to perform the annual test of goodwill impairment against the requirements of the accounting standards. • We assessed the integrity of the value in use model and the market multiple model used, including the accuracy of the underlying calculation formulas. • We compared the implied multiples from comparable market transactions to the implied multiple from the Group's market multiple model. • We independently developed a discount rate range using publicly available data for comparable entities, adjusted by risk factors specific to the Group's CGUs and the industry they operate in. • We challenged the forecast cash flows, growth rates and terminal value contained in the value in use models against our understanding of the relevant CGU and externally sourced industry-based growth rates. We assessed the application of key forecast cash flow assumptions for consistency across the Group's CGUs. • We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the value in use model.

We focused on the key assumptions applied and involved our valuation specialists to supplement our senior audit team members in assessing this key audit matter	• We considered the sensitivity of the value in use model by varying key assumptions, such as forecast growth rates and discount rates, within a reasonably possible range. We considered key assumptions when performing the sensitivity analysis and what the Group consider to be reasonably possible. • We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Revenue recognition - $58.6m	
Refer to Note 1C. Revenue Recognition and 4 Revenue to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The Group generates revenue from multiple products and services, including fees earned from the funds management services, platform administrations services and fees earned from offering advice to customers. Revenue recognition is a key audit matter given the audit complexity associated with the number of different revenue streams, and the significance of revenue to the Group's results. We focussed on the: • Key revenue streams, each with varying fee rates and Product Disclosure Statements, which required significant audit effort to test the fees recognised. • Drivers of fee calculations, which include funds under management (FUM), funds under administration (FUAdm) and funds under advice (FUA). Information is sourced from the Group's third-party service organisations which provide investment administration, custody and unit registry services. This required us to understand the key processes and assess the key controls of these service organisations relevant to the Group's revenue recognition.	Our procedures included: • We assessed the Group's revenue recognition policy against the requirements of AASB 15 *Revenue from Contracts with Customers*. • We obtained an understanding of the key processes, evaluated the design and tested the operational effectiveness of key controls related to the Group's recognition of revenue. • We obtained and read the GS007 (*Guidance Statement 007 Audit Implications of the Use of Service Organisations for Investment Management Services*) assurance reports and management's assessment thereof to understand the processes and assess the controls relevant to the third-party service organisations. • We recalculated the fee calculation of the platform administration services and funds management services revenue streams. We used the fee rates stipulated in the Group's publicly available Product Disclosure Statements, Investor Guide and Additional Information Booklet multiplied by FUM and FUAdm based on custodial records. • We checked a sample of revenue transactions from fees earned from offering advice to customers to the relevant statement of advice, record of advice, and client application forms agreed and signed by the customer.

KPMG

	• We checked a sample of fees earned from financial planning advice to external financial supplier statements and independent confirmations from external advisors. • We assessed the disclosures in the financial report using our understanding obtained from our testing, and against the requirements of the accounting standards

Other Information

Other Information is financial and non-financial information in Fiducian Group Ltd.'s annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001;*
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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. They 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.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Fiducian Group Ltd for the year ended 30 June 2021, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 17 to 24 of the Directors' report for the year 30 June 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

A.R

Andrew Reeves
Partner

Sydney
16 August 2021

Shareholder Information

A. Distribution of equity security holders by size of holding

Analysis of number of equity security holders by size of holding as at 31 July 2021:

Distribution	Option holders	Ordinary Share Holder
1 - 1,000	-	403
1,001 - 5,000	-	571
5,001 - 10,000	-	194
10,001 - 100,000	1	217
100,001 - and over	-	24
Total holders	1	1,409

There were 51 holders of a less than marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the 20 largest registered shareholders of quoted equity securities as at 31 July 2021 are listed below:

	Name	Number Held	Percentage of Issued Shares
1	INDYSHRI SINGH PTY LIMITED	8,795,933	27.97
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,256,112	7.18
3	SHRIND INVESTMENTS PTY LTD <INDYSHRI SUPER FUND A/C>	2,076,128	6.60
4	LONDON CITY EQUITIES LIMITED	2,015,000	6.41
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,910,698	6.08
6	MR JOHN CHARLES PLUMMER	850,000	2.70
7	SUPERNATURAL SUPER PTY LTD <THE SUPERNATURAL SUPER A/C>	553,595	1.76
8	CITICORP NOMINEES PTY LIMITED	501,123	1.59
9	D R SMITH HOLDINGS PTY LTD	500,000	1.59
10	HUNTER PLACE SERVICES PTY LTD	500,000	1.59
11	GARRETT SMYTHE LTD	339,000	1.08
12	BNP PARIBAS NOMS PTY LTD <DRP>	328,803	1.05
13	NATIONAL NOMINEES LIMITED	290,314	0.92
14	NORCAD INVESTMENTS PTY LTD	275,000	0.87
15	HFR PTY LTD <THE F & M KHOURI S/FUND A/C>	216,137	0.69
16	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	184,723	0.59
17	SORTIE PTY LIMITED <SORTIE SUPER FUND A/C>	169,761	0.54
18	MR IAN HAROLD HOLLAND	165,000	0.52
19	MR ALISTAIR BRIAN CAMPBELL + MRS KAREN PATRICIA CAMPBELL <THE CAMPBELL FAMILY A/C>	153,000	0.49
20	MRS JENNIFER MARGARET LEESON	138,847	0.44
		22,219,174	70.66

Shareholder Information (Continued)

Unquoted equity securities

As at 31 July 2021

Type of Security	Number on Issue	Number of Holders
Options - Executive Chairman	35,000	1

C. Substantial shareholders

Substantial shareholders and associates as at 31 July 2021 (more than 5% of a class of shares) in the company are set out below:

Name	Number Held	Percentage
INDYSHRI SINGH PTY LIMITED	10,872,061	34.58
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,256,112	7.18
LONDON CITY EQUITIES LIMITED	2,015,000	6.41
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,910,698	6.08

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares

On a show of hands each holder of ordinary shares has one vote and upon a poll one vote for each share held

Options

No voting rights

Corporate Directory

Directors

I Singh OAM, BTech, MComm (Bus), ASIA, ASFA, DipFP, CFP
Executive Chairman

R Bucknell FCA
F Khouri B Bus, FCPA, CTA
S Hallab B Ec (Accnt & Law), CA, GAICD, FAIST

Company secretary

P Gubecka LLB, LLM, BCom, CPA, FGIA, FCG (CS, CGP)

Notice of Annual General Meeting

The Annual General Meeting of Fiducian Group Limited

Will be held:	Virtually Details to be advised
Time:	10:00 am
Date:	Thursday, 21 October 2021

Principal registered office in Australia

Level 4
1 York Street
Sydney NSW 2000
(02) 8298 4600

Wholly owned operating entities

- Fiducian Business Services Pty Limited
- Fiducian Financial Services Pty Limited
- Fiducian Investment Management Services Limited
- Fiducian Portfolio Services Limited
- Fiducian Services Pty Limited

Share registrar

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000

Auditor

KPMG
Chartered Accountants
Tower Three, International Towers
300 Barangaroo Avenue,
Sydney NSW 2000

Bankers

National Australia Bank Limited
500 Bourke Street
Melbourne VIC 3000

ANZ Banking Group
388 Collins Street
Melbourne VIC 3000

Australian Securities Exchange Listing

Fiducian Group Limited (ASX:FID)

Website address

www.fiducian.com.au

Financial Planner Office Locations

Australian Capital Territory

Canberra

Tasmania

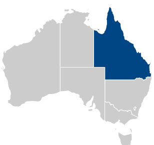
Devonport
Hobart
Launceston

New South Wales

Albury
Bathurst
Bondi Junction
Caves Beach
Coffs Coast
Eastgardens
Gosford
Hunter
Macarthur
Neutral Bay
Newcastle
Nowra
Parramatta
Penrith
Randwick
Sydney CBD
Tamworth
Tuggerah
Windsor
Wynyard

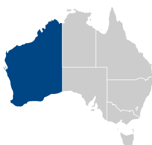
Victoria

Cobden
Colac
Doncaster
Geelong
Ivanhoe
Mentone
Mt Waverley
Ringwood
Sale
St Kilda
Sunbury
Surrey Hills
Traralgon



Queensland

Bayside
Caboolture
Sunshine Coast
Toowoomba
Townsville



Western Australia

Bunbury
Osborne Park
South Perth

South Australia

North Adelaide

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