FIDUCIAN

INTEGRITY • TRUST • EXPERTISE

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2022

ANNUAL REPORT

Fiducian Group Ltd

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Financial Highlights

For 2022

Fund Performance

	3 yrs	5 yrs	7 yrs	10 yrs
Cap Stable	31/116	16/110	14/105	11/99
Balanced	58/185	21/176	9/169	9/162
Growth	24/185	5/176	3/169	2/162
Ultra Growth	34/131	44/127	15/116	8/108

Flagship funds performance ranking for three, five, seven and ten years to 30 June 2022 against all funds in the Morningstar survey.

Dividends

29.70c per share

▲ 10%

UNPAT*

$15.7m

▲ 11%

Statutory NPAT

$13.3m

▲ 9%

UEBITDA*

$21.8m

▲ 13%

Revenue

$69.5m

▲ 18%

FUMAA*

$10.9b ▲ 5%

Net Inflows

$309m ▲ 36%

Financial Planners

86 Aligned Planners & Associates

Offices

47 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, Administration and Advice

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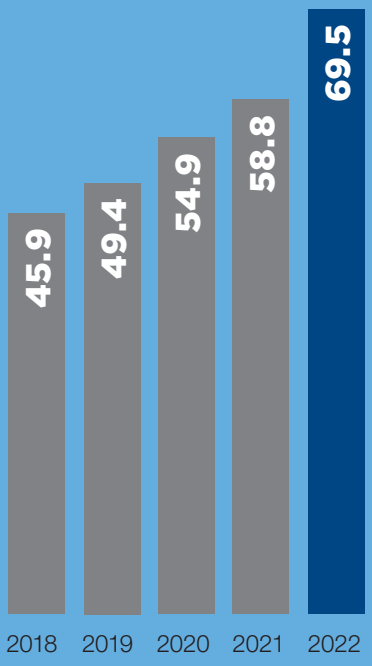
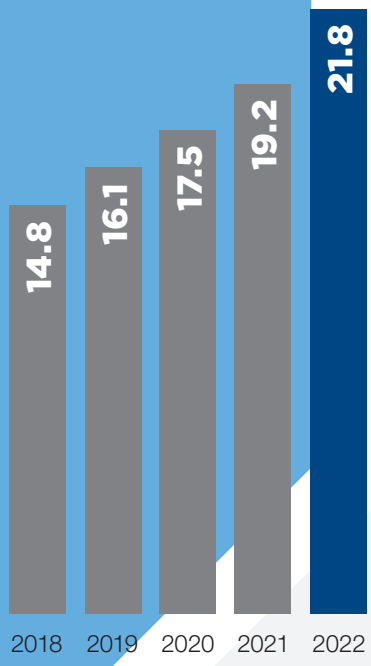
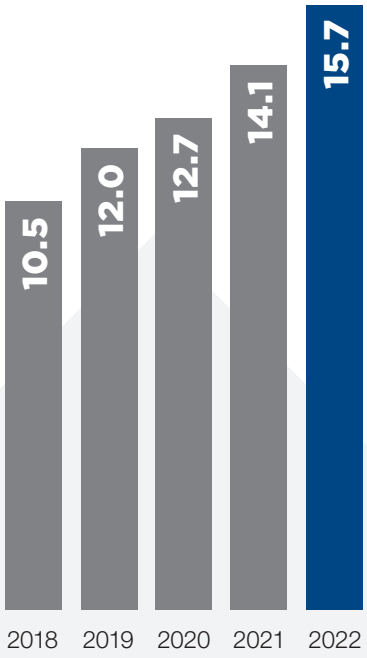
Revenue
($ million)



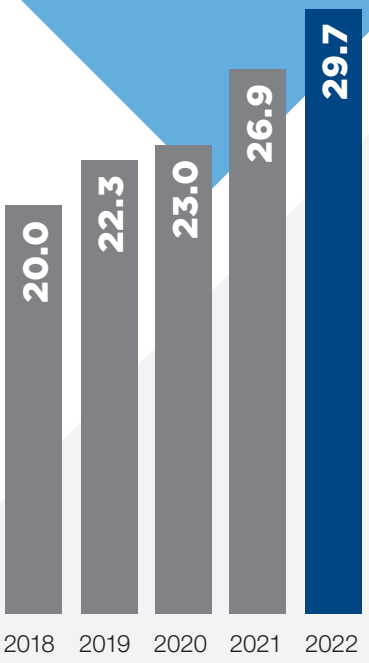
Underlying EBITDA
($ million)



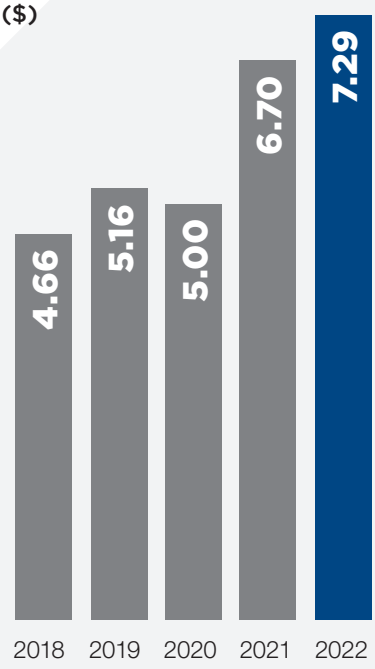
Underlying NPAT
($ million)



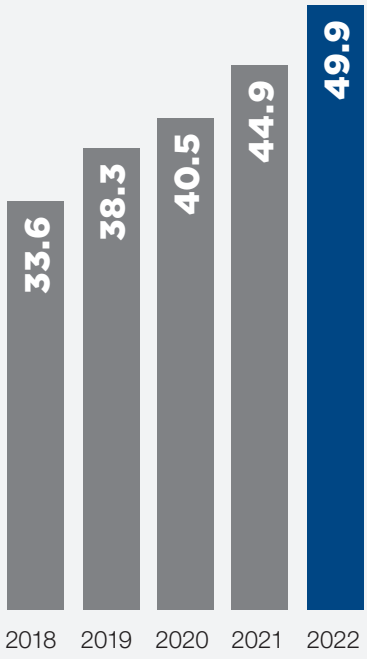
Dividends
(cents)



Share Price - 30 June Closing
($)



EPS based on UNPAT
(cents)



Five Year Financial Summary

For the years 2018 to 2022

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Financial History

	2018	2019	2020	2021	2022
	$'000	$'000	$'000	$'000	$'000
Financial Performance					
Gross Revenue	45,873	49,404	54,904	58,839	69,539
Underlying EBITDA (UEBITDA)	14,832	16,065	17,499	19,218	21,791
Underlying Net Profit After Tax (UNPAT)	10,505	12,047	12,725	14,131	15,697
Statutory Net Profit After Tax (NPAT)	9,198	10,350	10,463	12,179	13,317
Cost To Income Ratio (CTI) - ex amortisation %	56%	56%	55%	53%	55%
Financial Position					
Total Assets	40,561	45,899	54,653	58,595	70,691
Total Equity	31,131	34,826	38,123	42,869	47,132
Cash	13,885	11,792	13,961	19,316	17,484

Performance over the Last Five Years

▲ 13%
Annualised UNPAT Growth

▲ 12%
Annualised EPS Growth

▲ 11%
Annualised Gross Revenue Growth

▲ 13%
Annualised Dividend Growth

▲ 12%
Annualised Share Price Growth

Executive Chairman's Report

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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 operating entities for the year ended 30 June 2022.

Highlights

During the financial year gone by, our 26th since inception, we have continued to capitalise on the main revenue earning segments of our business model - Platform Administration, Funds Management and Financial Planning. All of them are supported by our Fintech capability, which has produced in-house proprietary technology and software systems that allow us to innovate, lift productivity and subsequently generate profits for our shareholders.

Investment markets were steadily rising from June 2021 and preliminary financial results were exceeding budget targets. That is, until two unexpected events in February hit the global economy. The first was the Russian military attack on Ukraine. Since they are major producers of commodities such as oil, gas, iron ore, coal, rare earth metals, wheat and sunflower cooking oil, the war dislocated supplies and prices rose sharply. Simultaneously, China received another COVID-19 scare. To stop the spread of infections they went into a total lock down of factories, ports and offices and people were asked to stay at home. Consequently, financial markets fell sharply as investors weighed the possible damage to corporate profits from further supply shortages across the board, higher prices and a resurrection of West vs East rivalry after 32 years.

We had our highest ever net inflows of $309 million over the year. However, the sharp declines in share and bond markets over the last four months, impacted our Funds Under Management, Administration and Advice (FUMAA) adversely and truncated further earnings growth expectations. Nevertheless, our business model is resilient and we again delivered a double digit underlying earnings per share growth for shareholders.

The acquisition of the financial planning business of People's Choice Credit Union (PCCU) and assimilation into the Fiducian network, absorbed a great deal of our management resources for induction, training days and consolidating revenue from clients. Over the next couple of months, this work will have been successfully completed. Fiducian staff involved in the exercise have done an exemplary job and need to be congratulated.

I believe that employees from PCCU have readily adopted our Fiducian family culture and are constructively supportive of our processes.

Our principles of People, Planet and Profit stand firm. We are indeed fortunate to have a loyal and experienced management and dedicated staff who have delivered seamless operations with efficiency under trying conditions, be they COVID-19 variants, work from home, floods, financial market gyrations, legislative changes or transport dislocations. Our focus to deliver a great client experience from a growing financial adviser network has remained steadfast.

Management and the Board remain positive for further growth of Fiducian in the future. Wars always end and modern medicine finds cures for pandemics. Our expanded network of financial advisers is expected to deliver funds flows that exceed our recent record breaking year. Significant effort is being directed to distribution of new products and services and as well, we remain on the lookout for further earnings per share accretive acquisitions of client bases. As is always the case, the recent market volatility may likely be offset by strong share market growth in years to come and we intend to capitalise on this transformation for the benefit of our shareholders, stakeholders and people.

Financial Information

Results for the year

Record breaking net inflows from our existing network of financial advisers had the support of financial markets until February, after which the markets experienced sharp falls. Consequently, most major equity and fixed interest markets delivered negative returns for the year to 30 June 2022. As FUMAA fell, so did our ability to expand earnings. Fortunately, our business model has continued to be resilient, weathered the adverse impact of a changed economic environment and enabled the consolidated entity to deliver a Statutory Net Profit After Tax increase of 9% to $13.3 million (2021: $12.2 million). The underlying earnings per share lifted 11.1% from 44.9 cents in 2021 to 49.9 cents in the current year. After the acquisition of client bases and absorbing recent share market declines, the combined FUMAA grew 5% to $10.9 billion over the previous year (June 2021 $10.4 billion). Any recovery in financial markets should consolidate further revenue increases in the year ahead.

Capital Management

A key feature of the company is that it continues to maintain a clean Balance sheet and remains debt free with a positive working capital and cash flow position. However, if circumstances dictate, a capital raising or debt funding may be considered where suitable acquisitions or business growth opportunities 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 14.90 cents per share has been declared which will bring the total fully franked dividend declared for the 2022 financial year to 29.7 cents, an increase of 10% (2021: 26.90 cents). The full year dividend represents 70% of the statutory NPAT for the year. The final dividend will be paid on 12th September 2022 on issued shares held on 29th August 2022.

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 from $16.0 million in 2021 to $18.7 million in 2022. During the year the Group took advantage of growth opportunities through the acquistion and funding of salaried and franchisee offices by investing $9.7million. Further, dividends of $10.8 million were paid during the period. As a result, net cash and cash equivalents decreased by $1.8 million (2021: increase $5.3 million). Cash at year-end was therefore $17.5 million compared to $19.3 million at the end of 2021.

Staff and Chairman Options

In accordance with the terms and conditions of the approved Employee and Director Share Option Plan, no options will be issued to the Executive Chairman with respect to the year ended 30 June 2022.

Financial highlights

Year Ending 30 June	2022	2021	$ Growth	% Change
Funds Under Management, Advice and Administration (FUMAA)	**10.94 Billion**	**10.44 Billion**	**0.5 Billion**	**5% ▲**
	$'000	$'000		
Operating Revenue	**69,539**	**58,839**	**10.7 Million**	**18% ▲**
Fees and Charges paid	(18,356)	(15,944)		
Net Revenue	**51,183**	**42,895**	**8.3 Million**	**19% ▲**
Gross Margin	74%	73%		
EBITDA	**23,156**	**20,560**	**2.6 Million**	**13% ▲**
Add back rent and deduct interest on lease liabilities	(1,365)	(1,342)		
Underlying EBITDA	**21,791**	**19,218**	**2.6 Million**	**13% ▲**
Depreciation	(303)	(255)		
Tax on underlying earnings	(5,791)	(4,832)		
Underlying NPAT (UNPAT)	**15,697**	**14,131**	**1.6 Million**	**11% ▲**
Amortisation	(2,269)	(1,788)		
AASB 16 *Leases* adjustment impacts - Office Lease	(111)	(164)		
Statutory NPAT	**13,317**	**12,179**	**1.1 Million**	**9% ▲**
Basic EPS based on UNPAT (in cents)	**49.9**	**44.9**		**11% ▲**
Basic EPS based on NPAT (in cents)	42.3	38.7		

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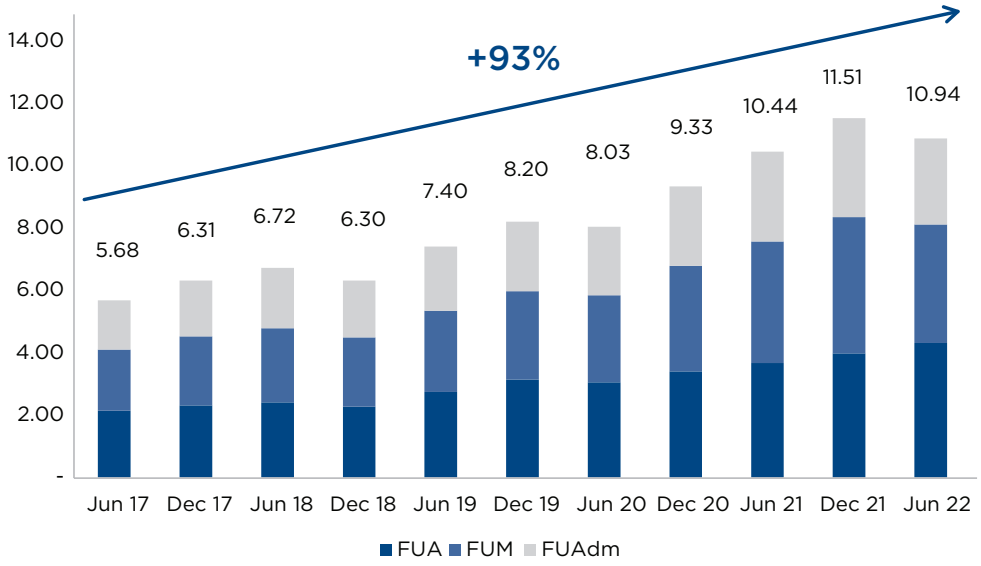
Growth in Funds Under Management Administration and Advice (FUMAA) (in $ billion)



Financial Planning

During the year, Funds under Advice grew from $3.7 billion in June 2021 to $4.4 billion in June 2022. Acquisitions of financial planning businesses and increases in net inflows were however, offset by what we believe could be a temporary decline in the valuation of financial markets. On 1 February 2022 the Group expanded its domestic footprint in South Australia and Northern Territory through its acquisition of the financial planning business of PCCU which increased the Group's funds under management by around $1.1 billion at the time and could contribute annually a recurring revenue of $6.4 million based on current estimates. Financial planners coming across have undergone training since March this year and a few have already started placing clients in Fiducian platforms on a client best interest basis. In addition to this acquisition the Group provided loan funding of $1.1 million to assist two franchisees to acquire financial planning practices.

Record breaking net inflows of $309 million, the highest on record were received during the year. We expect net inflows to rise in 2023 as newer financial planners, particularly those from PCCU in South Australia and the recent additions in the Northern Territory, begin to appreciate the many benefits of the Fiducian compliant process for 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 recruitment in the practice management and compliance team to provide compliance coaching. This is an expensive proposition and it is possible, that we may have one of the highest supervisory management to financial adviser ratios in Australia, but one that 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.

While video-conferencing continues to be 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 re-started. Two face to face Professional Development days were held in Sydney. After a period of almost three lockdown years due to COVID-19, an annual conference is planned for September this year for all advisers. Our focus will remain on generating inflows through organic and inorganic growth, while further acquisitions of client bases are being negotiated.

Salaried and Franchised Offices

Company owned offices with salaried financial planners are now based in New South Wales, Victoria, Western Australia, South Australia, Queensland, Northern Territory and Tasmania and continue to contribute to overall results. Salaried offices now comprise over 55.6% of Funds under Advice. We now have 41 salaried advisers. Franchised offices now comprise around 44.4% of our Funds under Advice. We have 45 franchised financial planners nationally.

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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 have the capability to compete for such business and negotiations are underway with prospects who could use our services for administration of their SMAs. Therefore, in April this year, we launched a new platform called Auxilium. It offers SMAs wide ranging investment options to external dealer groups and small self licensed financial advisers who are currently using our competitors' platforms. Our business development team recently found some success in registering external Licensees to start using our platforms. There is sufficient capacity in our administration team to offer this service to the external market in conjunction with the services we currently provide with Fiducian Platforms.

Starting on the 1st of June 2022 administration fees in Fiducian platforms were reduced in line with our competitors' offerings. This means that total fee revenues in 2023, could be adversely impacted by up to $1 million. We expect this reduction to be absorbed through normal operations and overcome by increased inflows and asset management functions.

Funds under administration on our platforms stood at $2.85 billion on 30 June 2022. Overall growth in Net Funds under administration is driven by new inflows 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 a majority of independent directors operates professionally and with independence. In line with our board renewal policy, three new replacement directors have been appointed to the Board. Two of them are independent female directors possessing exceptional qualifications and experience and should add value to the Board. The Board is supported by the Office of Superannuation Trustee and outsources key operational processes to specialist service providers.

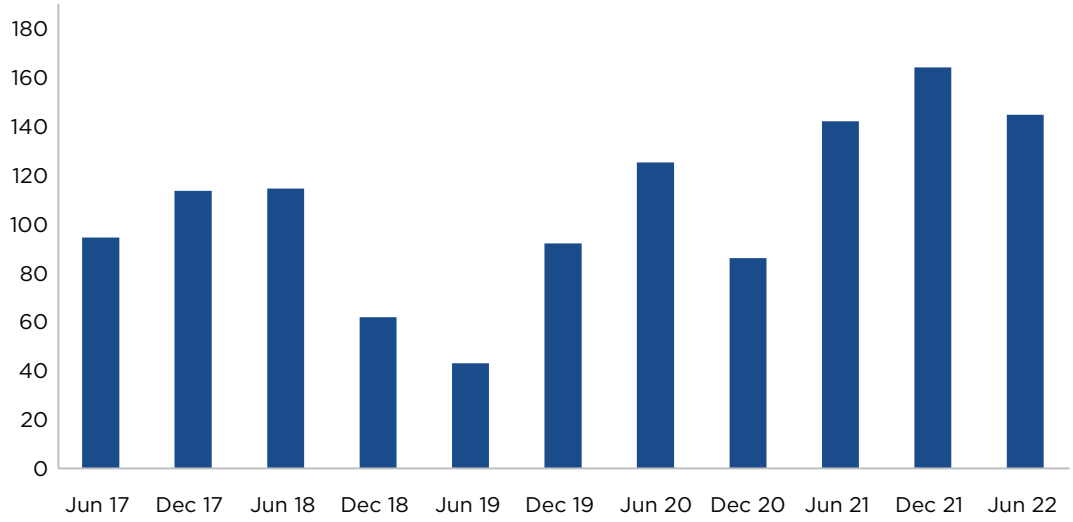
Funds Management

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.

Information Technology

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

Net Funds Inflows - Six monthly (in $ million)



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Human Resources

Management and Staff

At Fiducian we have always acknowledged staff as 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 standing alongside each other in difficult times has held us in good stead as staff have reciprocated with a show of superior performance and loyalty in volatile times.

Management has taken a hybrid approach to working, with teams splitting their working days between the office and home while continuing to discharge their duties, meet regulatory obligations and remain connected with their colleagues and clients. This transformation of the work environment has been made possible by our IT enhancements.

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 26 different countries of origin, 49% are female with 15% of female employees in senior roles. 22% 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 lockdowns and restrictions Fiducian has continued providing support to community organisations and sporting teams linked to our financial planning network. Vision Beyond AUS, a charity supported by the Fiducian Group, has been increasing its footprint despite the shackles of the pandemic in hospitals in India, Myanmar, Nepal, Cambodia and Ethiopia. More than 46,095 men, women and children who live in abject poverty have had their eyesight restored in addition to the surgical equipment donated to overseas hospitals. Some 18,000 children have been screened for eye disabilities in rural areas of Nepal. Assisting with these efforts have been Fiducian staff who 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 has been facing headwinds from February this year, with inflation gaining momentum, although major central banks and financial institutions expected it to be only a 'transitory' phenomenon. Inflation has been pushed higher by the Russian invasion of Ukraine, lockdowns of Chinese cities imposed to counter the spread of new variants of COVID-19, excessive government spending in an environment of full employment and pent-up consumer demand. This year, the International Monetary Fund (IMF) is forecasting global growth to be 3.6%. Growth in the developing world is expected to be led by China (4.4%) and India (8.2%). Growth forecasts could be lowered over coming weeks due to strong actions being taken by central banks to rein in demand, by raising interest rates and withdrawing liquidity from the financial system.

After contracting by over 10% in 2020, global corporate earnings grew by an average of over 50% in 2021 and are forecast to grow by a solid 11% this year. (Yardeni Research). However, if central banks engage in severe monetary tightening, then earnings in at least some major jurisdictions could be weaker than these forecasts suggest.

The US Federal Reserve has stated that the battle against inflation is unconditional and that interest rates will be raised until there is compelling evidence that inflation is returning to 2%. Other major central banks could follow. Sharp declines in global share markets that have already occurred, anticipate that expected rate increases across the world will be appropriate to engineer a significant slowdown in growth and inflation to acceptable levels.

From 2020 until early 2022, most major share markets rose and investors enjoyed significant gains. Recent falls have however, resulted in a marked improvement in share market valuation measures. This is positive for future price rises that would benefit investors. Nonetheless, for our diversified funds we have taken a cautious approach to stay marginally below benchmark in our allocation to 'growth' assets. This will change when we perceive signals suggesting a recovery in share prices is on the cards.

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 them realise their financial goals.

Outlook

Consistent with our strategy over the last 26 years our focus remains the establishment of a business with a rock solid foundation and growth strategies to enable upscaling on existing capacity and leveraging our relatively low fixed cost base. This strategy has benefited 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 cost 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 over the long term and Management is determined to stay committed and focused in this difficult climate, to try and achieve this goal.

On behalf of the Board, I would like to thank all participants for their individual contributions to the growth and success of Fiducian.

Inderjit (Indy) Singh OAM
Executive Chairman

Sydney,
15 August 2022

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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 46,095 men, women and children. We estimate that around 200,000 persons would have received medical attention during the process.

IMAGE: Children posing after their free eye-screening sponsored by Vision Beyond Aus

Directors' Report

Your directors present their report on the Fiducian Group Limited ("the Company") and its wholly owned operating entities (referred to hereafter as "the Group") for the year ended 30 June 2022.

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 through its wholly owned subsidiary, Fiducian Investment Management Services Limited

b. Acting as the Responsible Entity of Fiducian Funds and Separately Managed Accounts service 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 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

	2022 $'000	2021 $'000
Final ordinary fully franked dividend for the year ended 30 June 2021 of 14.60 cents (2020: Fully franked 11.50 cents) per share paid on 13 September 2021.	4,596	3,616
Interim ordinary fully franked dividend for the year ended 30 June 2022 of 14.80 cents (2021: Fully franked 12.30 cents) per share paid on 14 March 2022.	4,658	3,867
Total dividends paid during the year	**9,254**	**7,483**

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 2022 of 14.9 cents per ordinary share held on 29 August 2022 and payable on 12 September 2022.

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Review of operations

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

	Segment Revenues		Segment Results	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Funds Management	21,669	17,871	14,366	11,517
Financial Planning*	22,287	18,913	2,996	1,692
Platform Administration	14,065	12,571	12,172	10,556
Corporate Services*	11,518	9,484	(6,378)	(3,205)
Total	69,539	58,839	23,156	20,560
Depreciation and amortisation			(4,092)	(3,627)
Income tax expenses			(5,747)	(4,754)
Net profit attributable to members of Fiducian Group Limited			13,317	12,179

* Comparative figures for the previous year have been restated to make them comparable with the current year.

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 solid result despite the considerable volatility in the economic environment as a result of COVID-19, the global economic slowdown, the Russian invasion of Ukraine and the ongoing impact of rising interest rates and inflation on the domestic economy. 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 14.90 cents per share for the second half, bringing the full year dividend to 29.70 cents per share (2021: 26.90 cents).

Significant changes in the state of affairs

On 1 February 2022 the Group expanded its domestic footprint in South Australia through its acquisition of the financial planning business of People's Choice Credit Union which increased the Group's funds under management by around $1.1 billion at the time and could contribute annually a recurring revenue of $6.4 million. In addition to this acquisition the Group funded/committed to provide loan funding of $1.1 million to assist two of its franchisees to acquire a financial planning practice and grow their business in Victoria.

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 likely in the opinion of the directors of the Group, to affect significantly the results of those operations or the state of affairs of the Group in subsequent years.

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 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 gender,

ethnic backgrounds, ages and skills to participate and receive recognition, reward and authority commensurate with their performance. Employees are comprised of staff from over 26 countries of origin, 22% over 55 years, and 48.59% female with 15% 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 33 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

10,907,061 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 56 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, Fiducian Investment Management Services Ltd, Fiducian Services Pty Ltd and Fiducian Financial Services 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) until his retirement from the board on 1 July 2022 after having served for 15 years. Member of the Audit Risk and Compliance Committees for Fiducian Group Limited, and the subsidiary entities, Fiducian Investment Management Services Ltd, Fiducian Services Pty Ltd, Fiducian Financial Services Limited and the Trustee Subsidiary in respect of the Fiducian Superannuation Service. Member of the Group and Trustee Remuneration Committees.

Interest in shares and options

268,323 ordinary shares in Fiducian Group Limited.

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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 tax agent. Has over 39 years of experience in finance and superannuation.

Other current directorships in listed entities

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 Limited and a member of the Remuneration Committee. Member of the Trustee Subsidiary Audit Risk and Compliance Committee and Remuneration Committee in respect of the Fiducian Superannuation Service.

Interest in shares and options

78,527 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 15 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 2022, 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	4	4	-	-	-	-
R Bucknell	4	4	5	5	1	1
F Khouri	4	4	5	5	1	1
S Hallab	4	4	5	5	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 2022. This authority and responsibility is unchanged from the previous year.

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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 - E 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 2022. 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 including financial planning fees from clients from placing their financial planning business with the Group.

Non-executive directors' fees for the Company are determined within an aggregate non-executive 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, annual and long service leave and salary sacrifice benefits
- Death and TPD/Trauma cover where Fiducian Group is the beneficiary
- 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. The latest review was performed by Wentworth Advantage Pty Limited in July 2021.

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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 86% 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, Information Technology, Marketing, 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 an STI of $100,000 but chose to receive a bonus of $20,000.

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% increase in annual profit in excess of 15% or 5,000 options for each 1% increase

Group Performance and Shareholder returns

	2022	2021	2020	2019	2018
Underlying Net Profit After Tax (UNPAT)	15,697	14,131	12,725	12,047	10,505
Statutory Net Profit After Tax (NPAT)	13,317	12,179	10,463	10,350	9,198
EPS based on UNPAT (in cents)	49.9	44.9	40.5	38.3	33.6
EPS based on NPAT (in cents)	42.3	38.7	33.3	33.0	29.4
Dividends (in cents)	29.7	26.9	23.0	22.3	20.0
Share Price - 30 June closing (in $)	7.29	6.70	5.00	5.16	4.66

in excess of 15% 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 2022, Mr. I Singh is not entitled to any options.

Retirement and termination benefits

Retirement benefits are delivered under the Fiducian Superannuation Service. This fund provides accumulation benefits based on the superannuation guarantee charge contributions by the specified executive, on commercial terms and conditions. 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.

B - Details of remuneration

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

2022	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]	558,317	13,000	30,207	27,500	47,828	676,852
Non-executive directors						
R Bucknell [2]	87,273	-	-	8,727	-	96,000
F Khouri [3]	106,615	-	-	10,662	-	117,277
S Hallab	96,604	-	-	9,660	-	106,264
Totals	848,809	13,000	30,207	56,549	47,828	996,393

[1] Mr I Singh is not entitled to any options in respect of the year ended 30 June 2022. The amount shown as options payment relates to the grant for the previous year and represents the value of those options expensed over its term in accordance with accounting standards. The total amount of options relating to the previous year is $114,300 which will be expensed over the vesting period.

[2] Excludes GST if paid to another firm. Including amounts paid to the director's company only in respect to director's duties.

[3] This excludes fees of $367,029 for financial planning and other services paid to companies in which Mr F Khouri has an interest in his capacity as a financial planner.

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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	-	-	9,051	-	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 the current year and represents the value of those options expensed over its term in accordance with accounting standards. The total amount of options relating to this grant 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 $267,783 for financial planning and other 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.

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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.

2022

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	90,000	-	90,000	-

[1] Under the terms of his employement Mr I Singh is not entitled to any options relating to the year ended 30 June 2022. The options granted relate to the year ended 30 June 2021 and approved at the annual general meeting on 21 October 2021 and hence included above.

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 was entitled to 90,000 options relating to the year ended 30 June 2021. These were subject to approval at the annual general meeting on 21 October 2021 and therefore these have not been included in the above table.

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(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.

2022

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	35,000	-	10,907,061
R Bucknell	500,000	-	-	500,000
F Khouri	268,323	-	-	268,323
S Hallab	74,527	-	4,000	78,527

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

Shares provided on exercise of options

During the year the Group issued 35,000 ordinary shares as a result of the exercise of remuneration options by the Executive Chairman of Fiducian Group Limited (2021: 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 2022 there has been a 2.4% or $14,200 increase in the base salary of the Executive Chairman while the cash bonuses granted is $20,000 (2021: $13,000) and the grant of options entitlements have been only in accordance with the incentive programs. The Executive Chairman is not entitled to any options in respect of the current year ended 30 June 2022 (2021: 90,000).

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 any directors during the financial year (2021: Nil). Details of loans to related parties of the directors are disclosed in Note 28 Related Party Transactions.

H - Other transactions with key management personnel

A director, Mr. F Khouri, is an authorised representative under the Fiducian Financial Services Pty Ltd Australian Financial Services License 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.

Mr. R Bucknell and Mr. S Hallab were both paid director's fees for their contribution as directors serving on the Board.

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

	Consolidated	
	2022	2021
	$	$
Directors' fees and committee fees *	316,899	302,275
Financial planning fees paid or payable **	367,029	267,783
Total payments relating to other transactions with key management personnel	683,928	570,058

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

** Comparatives figures for the previous year have been restated to make them comparable with the current year.

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.

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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 24.

KPMG remains the external auditor in accordance with Section 327 of the *Corporations Act 2001*.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 1 April 2016, as 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.

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/about/corporate-governance/

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

Inderjit (Indy) Singh OAM
Executive Chairman

Sydney,
15 August 2022

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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 2022 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

Andrew Reeves
Partner

Sydney
15 August 2022

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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 15 August 2022. The directors have the power to amend and reissue the financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2022

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	Notes	Consolidated	
		2022	2021
		$'000	$'000
Revenue from ordinary activities	4	69,304	58,640
Other income	5	235	199
Payments to Financial Advisers, Investment Managers and other service providers		(18,356)	(15,944)
Employee benefits expense		(20,311)	(17,061)
Amortisation and depreciation expense	6(a)	(4,092)	(3,627)
Other expenses	6(b)	(7,716)	(5,274)
Profit before income tax expense		**19,064**	**16,933**
Income tax expense	7	(5,747)	(4,754)
Profit for the year		**13,317**	**12,179**
Other comprehensive income for the full year, net of tax		**-**	**-**
Total comprehensive income for the year		**13,317**	**12,179**
Profit attributable to:			
Owners of Fiducian Group Limited		13,317	12,179
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)		42.31	38.74
Diluted earnings per share (in cents)		42.23	38.70

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

Consolidated Statement of Financial Position

As at 30 June 2022

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	Notes	Consolidated	
		2022	2021
		$'000	$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	17,484	19,316
Trade and other receivables	10	7,942	7,837
Total Current Assets		25,426	27,153
Non-current assets			
Loan receivables	11	7,007	6,134
Property, plant and equipment	13	887	611
Right-of-use assets	35	5,102	5,324
Intangible assets	15	32,269	19,373
Total Non-Current Assets		45,265	31,442
Total assets		70,691	58,595
LIABILITIES			
Current liabilities			
Trade and other payables	16	12,982	7,474
Lease liabilities	35	1,596	1,315
Current tax liabilities	17	407	457
Total Current Liabilities		14,985	9,246
Non-current liabilities			
Net deferred tax liabilities	18	3,774	1,483
Lease liabilities	35	4,229	4,578
Provisions	19	571	419
Total Non-Current Liabilities		8,574	6,480
Total liabilities		23,559	15,726
Net assets		47,132	42,869
EQUITY			
Contributed equity	20	7,788	7,636
Reserves	21	98	75
Retained profits	22	39,246	35,158
Total equity		47,132	42,869

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 2022

	Notes	Contributed Equity	Reserves	Retained Profits	Total
		$'000	$'000	$'000	$'000
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
Profit for the year		-	-	13,317	13,317
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	13,317	13,317
Transactions with equity holders in their capacity as equity holders					
Share issued on exercise of option		152	-	-	152
Dividends paid	8	-	-	(9,254)	(9,254)
Transfer to retained profits		-	(25)	-	(25)
Transfer from reserves		-	-	25	25
Options expense	21	-	48	-	48
Total transactions with equity holders		152	23	(9,229)	(9,054)
Balance as at 30 June 2022		7,788	98	39,246	47,132

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

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Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Notes	Consolidated 2022 $'000	Consolidated 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		76,660	64,060
Payments to suppliers and employees (inclusive of GST)		(51,444)	(43,050)
		25,216	21,010
Interest received		235	199
Income taxes paid		(6,772)	(5,170)
Net cash inflow from operating activities	29	18,679	16,039
Cash flows from investing activities			
Payments in relation to acquisitions		(8,118)	(544)
Business development loans granted to advisers		(1,982)	(2,207)
Repayment of business development loans by advisers		973	1,386
Payments for property, plant and equipment		(579)	(105)
Net cash outflow from investing activities		(9,706)	(1,470)
Cash flows from financing activities			
Lease principal payments		(1,703)	(1,731)
Proceeds on issue of shares		152	-
Dividends paid		(9,254)	(7,483)
Net cash outflow from financing activities		(10,805)	(9,214)
Net (decrease)/increase in cash and cash equivalents held		(1,832)	5,355
Cash and cash equivalents at the beginning of the year		19,316	13,961
Cash and cash equivalents at the end of year	9	17,484	19,316

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

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Notes to the Financial Statements

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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 2022 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.

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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 received 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 received 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 received 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. 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-W.

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 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 2022 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 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 cash flow statement 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 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.

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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 forecasted 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 2022 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 acquisition 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 amortisation 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 recognises 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

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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 new 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 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 or at a discount 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 Legislative Instrument 2016/191 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 Legislative Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

X. New Australian Accounting Standards and amendments to Australian Accounting Standards and interpretations that are either effective in the current financial year or have been early adopted

The amendments made to existing standards that were mandatorily effective or have been early adopted for the annual reporting period beginning on 1 July 2021 did not result in a material impact on this Financial Report. There were no new Australian accounting standards that were mandatorily effective or have been early adopted for the Financial Report

Y. New Australian Accounting Standards and amendments to Australian Accounting Standards and Interpretations that are not yet effective for the financial year

As at the date of this financial report, there are a number of new and revised accounting standards published by the Australian Accounting Standards Board for which the mandatory application dates fall after the end of this current reporting year. None of these standards have been early adopted and applied in the current reporting year. These changes are not expected to have a significant financial impact, but may result in additional disclosures in the future.

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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 investment or 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 of default (EAG). 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 of an Investor Directed Portfolio Service through another subsidiary Fiducian Investment Management Services Limited.

Corporate Services

This segment is an aggregation of the administration and professional services 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.

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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
2022						
Revenue from external customers	27,404	23,435	18,465	-	-	69,304
Inter-segment sales [1]	(5,756)	(1,350)	(4,400)	11,506	-	-
Other revenue	21	202	-	12	-	235
Total segment revenue	**21,669**	**22,287**	**14,065**	**11,518**	**-**	**69,539**
Profit from ordinary activities before income tax, depreciation and amortisation	**14,366**	**2,996**	**12,172**	**(6,378)**	**-**	**23,156**
Depreciation, amortisation and impairment						4,092
Profit from ordinary activities before income tax						19,064
Income tax expense						(5,747)
Profit from ordinary activities after income tax expense						**13,317**
Segment assets	11,296	47,992	2,726	93,092	(84,415)	70,691
Segment liabilities	3,290	46,832	-	46,130	(72,693)	23,559
Acquisitions of plant and equipment, intangible and other non-current segment assets	-	15,170	-	573	-	15,743

[1] Intersegment sales for the current period represents internal service charges from the Corporate Services segments to other business segments.

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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
2021						
Revenue from external customers	22,823	19,446	16,371	-	-	58,640
Inter-segment sales [1]	(4,974)	(700)*	(3,800)	9,474*	-	-
Other revenue	22	167	-	10	-	199
Total segment revenue	**17,871**	**18,913***	**12,571**	**9,484***	**-**	**58,839**
Profit from ordinary activities before income tax, depreciation and amortisation	**11,517**	**1,692***	**10,556**	**(3,205)***	**-**	**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 Corporate Services segments to other business segments.

* Comparative figures for the previous year have been restated to make them comparable with the current year.

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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	
	2022	2021
	$'000	$'000
Segment revenue [1]	69,304	58,640
Total revenue from continuing operations (Note 4)	69,304	58,640

[1] Segment revenue excludes the interest income shown as Other revenue in the above note 3 tables.

The Group is domiciled in Australia. The amount of its revenue from external customers in Australia is $69,304,000 (2021: $58,640,000).

(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.

(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	
	2022	2021
	$'000	$'000
From continuing operations		
Sales revenue		
Fees received [1]	68,081	57,508
Other	1,223	1,132
Revenue from ordinary activities	69,304	58,640

[1] Includes expense recovery fee of $2,700,000 (2021: $2,883,333). For details refer to Note 6.

5. Other income

	Consolidated	
	2022	2021
	$'000	$'000
Interest received/receivable	235	199
Other income	235	199

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6. Expenses

	Consolidated	
	2022	2021
	$'000	$'000
Profit before income tax includes the following expenses:		
a) Amortisation and depreciation expense		
Amortisation		
Capitalised computer software	10	9
Client portfolio acquisition costs	2,259	1,779
Total amortisation	2,269	1,788
Depreciation		
Furniture, office equipment and computers	303	255
Right-of-use assets	1,520	1,584
Total depreciation	1,823	1,839
Total amortisation and depreciation expense	**4,092**	**3,627**
b) Other expenses		
Professional services	735	696
Sales, marketing and travel	2,064	1,140
Rental expense relating to operating leases	154	36
Premises and equipment	231	137
Communication and computing	1,302	1,057
Printing and stationery	33	64
Auditors' remuneration (Note 25)	629	596
Regulatory fees	443	604
Administration and other	3,077	2,054
Expense Recovery [1]	(952)	(1,110)
Total other expenses	7,716	5,274

[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 $575,915 (2021: $447,221) have been included in Expense Recovery in Note 6(b). For the current year the Expense Recovery Fee of $2,700,000 (2021: $2,883,333) has been included in Revenue from ordinary activities in Note 4 as part of Fees received.

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7. Income tax expense

	Consolidated	
	2022	**2021**
	$'000	$'000
a) Income tax expense		
Current tax	6,720	5,268
Deferred tax	(973)	(514)
Income tax expense	5,747	4,754
Deferred income tax (revenue)/expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets (Note 14)	179	407
(Decrease) in deferred tax liabilities (Note 18)	(1,152)	(921)
Deferred tax	(973)	(514)
b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	19,064	16,933
Tax at the Australian tax rate of 30% (2021: 30%)	5,719	5,080
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment	37	19
Sundry items	37	(143)
Income tax (over)/under provided in previous year	(46)	(202)
Income tax expense	5,747	4,754

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.

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8. Dividends

	Consolidated	
	2022	2021
	$'000	$'000
Final ordinary fully franked dividend for the year ended 30 June 2021 of 14.60 cents (2020: Fully franked 11.50 cents) per share paid on 13 September 2021.	4,596	3,616
Interim ordinary fully franked dividend for the year ended 30 June 2022 of 14.80 cents (2021: Fully franked 12.30 cents) per share paid on 14 March 2022.	4,658	3,867
Total dividends paid during the year	9,254	7,483

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 2022 of 14.90 cents per ordinary share held on 29 August 2022 and payable on 12 September 2022.

Franked dividends

The franked portions of the final dividends recommended after 30 June 2022 will be franked out of existing franking credits.

	Consolidated	
	2022	2021
	$'000	$'000
Franking credits available for the subsequent financial year based on a tax rate of 30%	23,485	20,227

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 $2,010,071 (2021: $1,967,410).

9. Current assets – Cash and cash equivalents

	Consolidated	
	2022	2021
	$'000	$'000
Cash at bank and in hand	17,484	19,316
Balance at end of the year	17,484	19,316

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10. Current assets – Trade and other receivables

	Consolidated	
	2022	2021
	$'000	$'000
Amounts receivable from related entities:		
Related trusts	4,495	4,454#
Business development loans *	1,991	1,659
Other	1,029	1,456#
Prepayments	735	576
	8,250	8,145
Less: provision for impairment of trade receivables - Other	(308)	(308)
	7,942	7,837

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

Comparatives figures for the previous year have been restated to make them comparable with the current year.

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

At 30 June 2022, 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	
	2022	2021
	$'000	$'000
Business development loans *	7,328	6,455
Less: provision for impairment of loans	(321)	(321)
Balance at end of the year	7,007	6,134

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

A. Impaired receivables and receivables past due

The Group does not have any non-performing loans however consistent with the 3 stage approach to ECL recognition, some underperforming loans have been classified as Stage 2 where there has been a 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.

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

	Consolidated	
	2022	2021
	$'000	$'000
Underperforming loans included in Stage 2 assessment	2,868	2,827
Impaired receivables and receivables past due	2,868	2,827
Less: Lifetime ECL against Stage 2	(321)	(321)
Net impaired receivables and receivables past due	2,547	2,506

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 downsides scenarios anchored to a deterioration in the ASX 200, broadly representing low, medium and significant downside to determine a SICR. There has been no increases in the quantum in Stage 2 exposures indicating there has been no increase in credit risk since origination.

Security

Under the terms of agreement for business development loans, the Group has a security deed over the all the assets of the franchisee's business registered in 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:

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
Business development loans *	7,007	7,007	6,134	6,134

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

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12. Investment in Subsidiaries

The Group's subsidiaries as at 30 June 2022 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 Operator of Fiducian Investment Service and Responsible Entity for the Fiducian Funds and Separately Managed Account.

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

[3] The Company provides platform administration 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 activities on behalf of the Group.

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

	Consolidated	
	2022	2021
	$'000	$'000
Plant and Equipment		
Cost	3,200	2,620
Less: accumulated depreciation	(2,313)	(2,009)
Total plant and equipment	887	611

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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
Consolidated 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
Year ended 30 June 2022				
Opening net book amount	20	591	-	611
Additions	-	464	115	579
Disposals	-	-	-	-
Depreciation	(10)	(293)	-	(303)
Closing net book amount	10	762	115	887
At 30 June 2022				
Cost	316	1,935	949	3,200
Accumulated depreciation	(306)	(1,173)	(834)	(2,313)
Net book amount	10	762	115	887

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14. Non-current assets – Deferred tax assets

	Consolidated	
	2022	**2021**
	$'000	$'000
The balance comprises temporary differences attributable to:		
Doubtful debts	93	93
Employee benefits	1,074	702
Accrued expenditure	552	374
Provision for audit and taxation services	116	214
Provision for FBT	18	5
AASB 16 lease adjustments	1,741	1,761
Deferred tax assets before set off	3,594	3,149
Set off against deferred tax liabilities (Note 18)	(3,594)	(3,149)
	-	-
Movements:		
Opening balance at 1 July	3,149	3,556
Addition during the year	624	-
Taken to the statement of comprehensive income	(179)	(407)
Deferred tax assets before set off	3,594	3,149
Set off against deferred tax liabilities	(3,594)	(3,149)
	-	-

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15. Non-current assets – Intangible assets

	Consolidated	
	2022	**2021**
	$'000	$'000
Deferred expenditure		
Capitalised expenditure – computer software	5,260	5,259
Less: Accumulated amortisation	(5,054)	(5,044)
	206	215
Client portfolios		
Cost of acquisition of client portfolios	31,997	20,332
Less: Accumulated amortisation	(12,655)	(10,396)
	19,342	9,936
Goodwill		
Goodwill on acquisition	13,475	9,976
Less: Impairment/amortisation	(754)	(754)
	12,721	9,222
Total intangible assets	32,269	19,373

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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
Consolidated 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
Year ended 30 June 2022				
Opening net book amount	9,936	9,222	215	19,373
Additions	11,665	3,499	-	15,164
Amortisation/impairment charge [2]	(2,259)	-	(9)	(2,268)
Closing net book amount	19,342	12,721	206	32,269
At 30 June 2022				
Cost	31,997	13,380	5,259	50,636
Accumulated amortisation/impairment [2]	(12,655)	(659)	(5,053)	(18,367)
Net book amount	19,342	12,721	206	32,269

[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 $2,268,000 (2021 : $1,788,000) is included in depreciation, amortisation and impairment expense in the statement of comprehensive income.

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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. 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, the global economic slowdown, the Russian invasion of Ukraine and the ongoing impact of interest rate rises and inflation on the domestic economy. Management has carefully considered these impacts 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 2022. 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. Based on management's current assessment, the recoverable amount of the Group's CGU exceeds the carrying amount. A 23% change in the current multiple of 2.2 used in the assumption would be required before the carrying value of the CGU would exceed the recoverable amount.

Due to the uncertainties disclosed above and 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. Based on this approach, the implied multiple was 2.25 which indicates that the multiple used above is appropriate.

D. Impairment charge

During the year, no impairment charge was recorded in the books (2021: Nil).

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E. Business Combination

During the year the Group had made the following acquisitions. There was no acquisition in the corresponding previous year

	30 Jun 2022
Segment	**Financial Planning**
Fiducian entity	**Fiducian Financial Services Pty Ltd**
Acquisition Date	1 February 2022
Acquisition Description	Client Portfolio
Ownership acquired	100%
Location	South Australia and Northern Territory
Funds Under Advice on acquisition date	$1,100,000,000
Annual recurring revenue on acquisition	$7,600,000
Maximum purchase price payable on acquisition	$13,200,000
Vendor staff employed by Group	Yes
Value attributed on the Statement of Financial Position as at reporting date	100%
Business combination or asset only	Business Combination
Provisional Fair value of assets recognised as a result of acquisition as at 30 June 2022:	
Intangible assets	$11,664,632
Deferred Tax Liabilities	($3,499,390)
Net Identifiable intangible assets acquired	$8,165,242
Goodwill on acquisition	$3,499,390
Deferred consideration at reporting date	2,997,424
Net Assets Acquired	$11,664,632
Funds Under Advice as at 30 June 2022	$854,000,000

While each acquisition is considered on its own merits, a number of synergies are expected to result to the Group once the business combination has been fully implemented and for which goodwill is recognised in the books. The synergy results from leveraging the existing scale Fiducian has from its infrastructure in Risk, Compliance, IT, Legal, Finance and other support functions, products and processes. Despite the synergies at Group level, the acquisitions of client portfolios and goodwill are recorded in the Financial planning business only and amortised over 10 years.

The acquisitions are tested for impairment based on financial planning revenue as a standalone business unit and do not consider any revenue synergies generated in other entities from the acquisition. Due to realignment of individual clients within the unit, Financial planning as a whole is considered the appropriate CGU for impairment testing purposes.

The acquired business has commenced contributing to the Group's current year profits though the business is still in the process of being assimilated into the Fiducian structure. Management estimates that after adjusting for clients who may not opt in, the acquisition will contribute revenue of $6.4 million for a full 12 month period and it is not practicable to estimate the profit contribution given the significant change in the cost bases to the operation of the business once within the Fiducian Group.

Under the terms of the agreement for the acquisition, the deferred consideration may be reduced in respect of any clients that have not transferred to the Group within the period specified in the agreements or should the recurring income be lower than contracted for.

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16. Current liabilities – Trade and other payables

	Consolidated	
	2022	**2021**
	$'000	$'000
Trade payables	2,756	2,611
Other payables	4,225	2,940
Client portfolio deferred settlement	2,997	-
Annual leave entitlements accrued	1,322	791
Long service leave entitlements accrued	1,682	1,132
Total trade and other payables	12,982	7,474

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

17. Current liabilities – Current tax liabilities

	Consolidated	
	2022	**2021**
	$'000	$'000
Income tax	407	457
Total current tax liabilities	407	457

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18. Non-current liabilities – Deferred tax liabilities

	Consolidated	
	2022	2021
	$'000	$'000
The balance comprises temporary differences attributable to:		
Recognition and depreciation of ROU assets	1,531	1,595
Recognition and amortisation of client portfolios	5,837	3,037
Deferred tax liabilities before set off	7,368	4,632
Set off against deferred tax assets	(3,594)	(3,149)
Net deferred tax liabilities	3,774	1,483
Movements:		
Opening balance at 1 July	4,632	5,534
Addition during the year	3,888	19
Taken to the statement of comprehensive income	(1,152)	(921)
Deferred tax liabilities at 30 June before set off	7,368	4,632
Set off against deferred tax assets	(3,594)	(3,149)
Net deferred tax liabilities	3,774	1,483
Expiration of net deferred tax liabilities		
within 12 months	1,356	936
after 12 months	2,418	547
Total deferred tax liabilities	3,774	1,483

19. Non-current liabilities – Provisions

	Consolidated	
	2022	2021
	$'000	$'000
Employee benefits - long service leave	571	419
Total provisions	571	419

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.

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20. Contributed equity

A. Share Capital

	Consolidated	
	2022	2021
	$'000	$'000
Ordinary shares - fully paid	7,788	7,636
Total share capital	7,788	7,636

B. Movements in ordinary share capital

Date	Details	Number of shares	$'000
1 July 2020	Opening 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
	Shares bought back on market and cancelled	-	-
23 August 2021	Shares issued on exercise of options	35,000	152
30 June 2022	Balance	31,477,623	7,788

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 2021 and 30 June 2022, the Company did not purchase and cancel any ordinary shares on-market.

At 30 June 2022, 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.

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) License, Responsible Entity (RE) Licence, Operator 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. 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	
	2022	**2021**
	$'000	$'000
Movements		
Share-based payments reserve		
Balance at 1 July	75	25
Option expense	48	50
Transfer to retained profits (on exercise of options)	(25)	-
Balance at 30 June	98	75

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

22. Retained profits

	Consolidated	
	2022	**2021**
	$'000	$'000
Movements		
Balance at 1 July	35,158	30,462
Net profit for the year	13,317	12,179
Dividends paid (Note 8)	(9,254)	(7,483)
Transfer from share-based payment reserve (on exercise of options)	25	-
Balance at 30 June	39,246	35,158

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23. Key management personnel disclosures

A. Key management personnel

	Consolidated	
	2022	2021
	$	$
Short-term employee benefits	892,016	873,680
Post-employment benefits	56,549	42,895
Share-based payment	47,828	48,986
Total payments to key management personnel	996,393	965,561

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.

2022

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	90,000	-	90,000	-

[1] Under the terms of his employment Mr I Singh is not entitled to any options relating to the year ended 20 June 2022. The options granted relate to the year ended 30 June 2021 and approved at the annual general meeting on 21 October 2021 and hence included above.

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 was entitled to 90,000 options relating to the year ended 20 June 2021. These were subject to approval at the annual general meeting on 21 October 2021 and therefore these have not been included in this above table.

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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.

2022

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	35,000	-	10,907,061
R Bucknell	500,000	-	-	500,000
F Khouri	268,323	-	-	268,323
S Hallab	74,527	-	4,000	78,527

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

Shares provided on exercise of options

During the year 35,000 ordinary shares were issued as a result of the exercise of remuneration options to the Executive Chairman of Fiducian Group Limited (2021: 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 (2021: Nil).

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23. Key management personnel disclosures (continued)

D. Other transactions with key management personnel

A director, Mr. F Khouri, is an authorised representative under the Fiducian Financial Services Pty Ltd Australian Financial Services License 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.

Mr. R Bucknell and Mr. S Hallab were both paid director's fees for their contribution as directors serving on the Board.

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

	Consolidated	
	2022	2021
	$	$
Directors' fees and committee fees *	316,899	302,275
Financial planning fees paid or payable **	367,029	267,783
Total payments relating to other transactions with key management personnel	683,928	570,058

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

** Comparatives of the previous year have been changed to make them comparable to the current year.

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 2022 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.

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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. During the year, no option was issued (2021: 90,000) to the Executive Chairman in respect of his entitlement relating to financial year ended 30 June 2022 and no employee options expired during the same period (2021: Nil).

Subject to prior approval by shareholders, the Company may issue each year a maximum of 100,000 options to the executive chairman after each year of service, subject to performance criteria being met in accordance with his executive agreement. The Directors have resolved not to issue any options (2021: 90,000) to the Executive Chairman in respect of the year ended 30 June 2022 as criteria was not met.

Set out below are summaries of options granted under last year's option plan:

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 2022			Number	Number	Number	Number	Number	Number
ESOP-Executive Chairman								
25 Oct 18	25 Oct 23	$4.35	35,000	-	35,000	-	-	-
21 Oct 21	21 Oct 26	$6.47	-	90,000	-	-	90,000	-
			35,000	90,000	35,000	-	90,000	-
Weighted average exercise price			$4.35	$6.47	$4.35	-	$6.47	-

The volume of weighted average remaining contractual life of share options outstanding at the end of the period was 4.32 years (2021: 2.32 Years).

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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 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

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).

B. Expenses arising from share-based payment transactions

Expenses of $47,828 (2021: $48,986) arising from share-based payment transactions were recognised during the period as part of employee benefit expense. This expense is in respect of option entitlements relating to the year ended 30 June 2022 expensed over the term in accordance with the accounting standards.

25. Remuneration of the auditors

KPMG remains the auditor of the parent entity and its related subsidiaries. The auditor remuneration in the table below was paid or payable for services provided by KPMG:

	Consolidated	
	2022	**2021**
	$	$
Audit and review of financial reports		
Group	80,000	57,750
Controlled entities and joint operations	120,500	102,750
Funds	227,500	227,500
Total audit and review of financial reports	428,000	388,000
Other statutory assurance services	111,750	111,750
Other assurance services	50,250	50,250
Other services		
Internal audit fees paid to KPMG	-	46,434
Consulting fee	39,250	-
Total auditor remuneration	629,250	596,434

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25. Remuneration of the auditors (Continued)

It is the Group's policy to employ external auditor on assignments additional to its statutory audit duties where the external auditor's expertise and experience with the Group are important, on the proviso that the auditor's independence is not affected. 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 the external auditors of the Group, KPMG operated as the internal auditor of Fiducian Superannuation Service up to its appointment as external auditors of the Group. KPMG did not provide any other services to the Group.

26. Contingent liabilities

The parent entity and Group had contingent liabilities at 30 June 2022 in respect of bank guarantees for property leases of parent and group entities amounting to $831,313 (2021: $818,753).

27. Commitments

	Consolidated	
	2022	2021
	$'000	$'000
Acquisition funding commitment payable within one year	605	1,141

Other commitments

The Group is in the process of finalising terms with a related entity to fund unindemnifiable liabilities of the Trustee of the Fiducian Superannuation Service. Details of this agreement have been provided in Note 28-F Related-party transactions.

28. Related-party transactions

A. Parent entity

The parent entity within the Group is Fiducian Group Limited at year end.

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.

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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 trusts
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

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]	2022	2021
		$	$
Related trusts			
Fiducian Investment Service	Nil		
Operator fees income		8,257,148	7,239,387 [4]
Expense recovery		35,097	35,936
Fiducian Superannuation Service	Nil		
Operator fees income		22,098,784	19,346,854
Expense recovery		3,275,916	3,252,495
Fiducian Funds	Nil		
Operator fees income		26,020,986	21,328,969
Expense recovery		356,366	393,451
Entities associated with directors or their relatives			
Hawkesbury Financial Services Pty Ltd [2]			
Financial planning fees paid		367,029	267,783 [4]
Fiducian Financial Services Bondi Junction Pty Ltd [3]			
Financial planning fees paid		130,065	138,167 [4]

[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.

[4] Comparatives of the previous year have been restated to make them comparable with the current year.

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	
	2022	2021
	$	$
Current receivables (income from related trusts)	4,495,214	4,454,089 *
Total current receivables	4,495,214	4,454,089 *

* Comparatives figures for the previous year have been restated to make them comparable with the current year.

No ECL provisions for doubtful receivables have been raised in relation to any outstanding balances, and no expense is required to be recognised in respect of impaired receivables due from related parties.

F. Commitment to fund unindemnifiable liabilities

Fiducian Services Pty Ltd, a member of the Group and the administrator of the superannuation service, is in the process of finalising terms to be effective from 30 June 2022 to fund Fiducian Portfolio Services Ltd, the Trustee of the Fiducian Superannuation Service, for unindemnifiable liabilities of up to an aggregate amount of $1,500,000. As at 30 June 2022, no events have arisen to create an unindemnifiable liability.

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

	Consolidated	
	2022	2021
	$'000	$'000
Profit for the year	13,317	12,179
Non-cash employee benefit	1,231	221
Amortisation and depreciation	4,092	3,627
Changes in operating assets and liabilities:		
Change in accounts receivable	387	(403)
Change in income tax payable	(52)	(216)
Change in trade creditors	264	737
Change in other creditors	412	408
Change in deferred income tax liability	(972)	(514)
Net cash inflow from operating activities	18,679	16,039

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30. Earnings per share

	Consolidated	
	2022	**2021**
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 of the company	42.31	38.74
B. Diluted earnings per share (in cents)		
Profit from continuing operations attributable to the ordinary equity and potential ordinary equity of the company	42.23	38.70

	Consolidated	
	2022 Number	**2021** 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	31,477,623	31,442,623
Adjustments for calculation of diluted earnings per share options	65,269	30,450
Weighted average number of ordinary shares and potential ordinary shares used as denominator in calculating diluted earnings per share	31,542,892	31,473,073

	Consolidated	
	2022 $'000	**2021** $'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	13,317	12,179

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.

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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 Company, the results of those operations or the state of affairs of the Group in subsequent years.

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	
	2022	2021
	$'000	$'000
Financial assets		
Cash and cash equivalents	17,484	19,316
Trade and other receivables	5,951	6,178
Business development loans	8,998	7,793
Total financial assets	32,433	33,287
Financial liabilities		
Trade and other payables	13,552	7,893

A. Market risk

(i) Foreign exchange risk

The Group has no 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 2022		30 June 2021	
	Weighted Average Interest Rate	Balance	Weighted Average Interest Rate	Balance
	%	$'000	%	$'000
Cash at bank and on deposit	0.62%	17,484	0.15%	19,316
Business development loans	3.85%	8,998	2.23%	7,793
		26,482		27,109

Bank deposits are at call and staff and planner 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 2022 if interest rates change by +/- 100 basis points (2021: +/- 100 basis points) from the year end rates with all other variables held constant, post-tax profit would have been $185,370 higher or lower (2021: $192,020).

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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 to the franchisees 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 and staff loans which are unrated management assess the credit quality of the borrower 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 as follows:

	Consolidated	
	2022	**2021**
	$'000	$'000
Cash at bank and on deposit		
AA-	17,484	19,316
Business development loans		
Unrated	8,998	7,793

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

	Consolidated	
	2022	**2021**
	$'000	$'000
Performing	6,451	5,287
Under performing	2,868	2,827
Non performing	-	-
Loans written off	-	-
Total gross loan receivables	9,319	8,114
Less: Loan loss allowance	(321)	(321)
Less: Write off	-	-
Loan receivables net of expected credit losses	8,998	7,793

Security

Under the terms of agreement for business development loans, the Group has a security deed over the 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.

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

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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. The Group has no undrawn facility (2021: $4 million undrawn overdraft facility) with their bank.

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	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade and other payables and provisions				
Due in less than 1 year	12,982	7,474	12,982	7,474
Due in more than 1 year	570	419	570	419
Lease Liabilities				
Due in less than 1 year	1,896	1,407	1,596	1,253
Due in more than 1 year	4,517	4,765	4,229	4,640
Total financial liabilities	19,966	14,065	19,377	13,786

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 2022.

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 and staff loans represent contractual payments by advisers and staff 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 their short-term nature.

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.

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33. Parent entity financial information

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

	Parent Entity	
	2022	2021
	$'000	$'000
A. Balance sheet		
Current Assets	37,538	32,490
Non-Current Assets	11,849	11,849
Total Assets	49,387	44,339
Current Liabilities	-	85
Non-Current Liabilities	31	46
Total Liabilities	31	131
Net Assets	49,356	44,208
Equity		
Share capital	7,788	7,636
Reserves	98	75
Retained Earnings	41,470	36,497
Equity	49,356	44,208
B. Total comprehensive income		
Dividends from subsidiaries and other income	14,200	13,100

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 an 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 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.

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35. Lease assets and liabilities

	Consolidated	
	30 Jun 2022	30 Jun 2021
	$'000	$'000
(i) Amount recognised in the Statement of Financial Position		
Right-of-use asset		
Property	4,910	5,005
Equipment	192	319
	5,102	5,324
Lease Liabilities		
Current	1,596	1,315
Non-Current	4,229	4,578
	5,825	5,893
Deferred tax assets	1,741	1,761
Deferred tax liabilities	1,531	1,595
(ii) Amount recognised in the Statement of Comprehensive Income		
Depreciation relating to the Right-of-use assets	1,520	1,584
Interest Expense (Finance Cost)	337	389
Expense relating to short term leases	154	36
(iii) Total Cash outflows relating to operating leases		
Principal payments included under Financing activities	1,703	1,731
Interest payments included under operating activities	337	389
	2,040	2,120

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Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 26 to 70 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 2022 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,
15 August 2022

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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 2022 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 2022;
- 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.

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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 - $12.7m

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 18% of total assets) and the acquisition of People's Choice Credit Union financial planning business. At each year end, the Group performs an annual impairment test for goodwill. Due to recent volatility observed in the local economy, 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 additions to goodwill as a result of the acquisition of People's Choice Credit Union financial planning business and the allocation of goodwill 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.

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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 assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the value in use model. • 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 - $69.304m	
Refer to Note 1C. Revenue Recognition and Note 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. • 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.

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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 2022, 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 16 to 22 of the Directors' report for the year 30 June 2022.

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

KPMG

KPMG

Andrew Reeves
Partner

Sydney
15 August 2022

Shareholder Information

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A. Distribution of equity security holders by size of holding

Analysis of number of equity security holders by size of holding as at 1 August 2022:

Distribution	Option holders	Ordinary Share Holder
1 - 1,000	-	451
1,001 - 5,000	-	590
5,001 - 10,000	-	186
10,001 - 100,000	1	213
100,001 and over	-	24
Total holders	1	1,464

There were 72 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 1 August 2022 are listed below:

	Name	Number Held	Percentage of Issued Shares
1	INDYSHRI SINGH PTY LIMITED	8,795,933	27.94
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,470,662	7.85
3	SHRIND INVESTMENTS PTY LTD <INDYSHRI SUPER FUND A/C>	2,111,128	6.71
4	LONDON CITY EQUITIES LIMITED	2,069,262	6.58
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,782,402	5.66
6	MR JOHN CHARLES PLUMMER	850,000	2.70
7	SUPERNATURAL SUPER PTY LTD <THE SUPERNATURAL SUPER A/C>	561,000	1.78
8	ASHCOL HOLDINGS PTY LTD <HUNTER PLACE SUPER FUND A/C>	500,000	1.59
9	D R SMITH HOLDINGS PTY LTD	500,000	1.59
10	CITICORP NOMINEES PTY LIMITED	487,950	1.55
11	NATIONAL NOMINEES LIMITED	354,220	1.13
12	GARRETT SMYTHE LTD	339,000	1.08
13	BNP PARIBAS NOMS PTY LTD <DRP>	280,442	0.89
14	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	233,090	0.74
15	HFR PTY LTD <THE F & M KHOURI S/FUND A/C>	216,137	0.69
16	NORCAD INVESTMENTS PTY LTD	205,000	0.65
17	SORTIE PTY LIMITED <SORTIE SUPER FUND A/C>	187,494	0.60
18	MR IAN HAROLD HOLLAND	165,000	0.52
19	MR ALISTAIR BRIAN CAMPBELL + MRS KAREN PATRICIA CAMPBELL <THE CAMPBELL FAMILY A/C>	163,000	0.52
20	MRS JENNIFER MARGARET LEESON	138,847	0.44
		22,410,567	71.21

Shareholder Information (Continued)

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Unquoted equity securities

As at 1 August 2022

Type of Security	Number on Issue	Number of Holders
Options - Executive Chairman	90,000	1

C. Substantial shareholders

Substantial shareholders and associates as at 1 August 2022 (more than 5% of a class of shares) in the company are set out below:

Name	Number Held	Percentage
INDYSHRI SINGH PTY LIMITED*	10,907,061	34.65
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,470,662	7.85
LONDON CITY EQUITIES LIMITED	2,069,262	6.58
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,782,402	5.66

* Incuding shares held by Shrind Investments Pty Ltd.

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

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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: Online and in person at Level 4, 1 York Street Sydney 2000

Time: 10:00 am

Date: Thursday, 20 October 2022

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 registry

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

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Australian Capital Territory

Canberra

Northern Territory

Darwin

New South Wales

Albury
Bathurst
Caves Beach
Coffs Coast
Eastgardens
Gosford
Hunter
Kelso
Macarthur
Nowra
Parramatta
Penrith
Randwick
Sydney CBD
Tuggerah
Windsor
Wynyard

Victoria

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

South Australia

Adelaide
Blackwood
Glenelg
Modbury
North Adelaide

Western Australia

Osborne Park
South Perth

Queensland

Bayside
Caboolture
Sunshine Coast
Toowoomba
Townsville

Tasmania

Devonport
Hobart
Launceston

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FIDUCIAN GROUP LIMITED

Level 4, 1 York Street,
Sydney NSW 2000 Australia

GPO Box 4175,
Sydney NSW 2001 Australia

Telephone: +61 2 8298 4600

Fax: +61 2 8298 4611

www.fiducian.com.au