



ANNUAL REPORT

FIDUCIAN GROUP LIMITED | **2018**



FIDUCIAN
INTEGRITY • TRUST • EXPERTISE

ABN 41 602 423 610





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New South Wales Office Locations

Abbotsford

Ballina

Bathurst

Bondi

Bondi Junction

Castle Hill

Caves Beach

Coffs Coast

Gosford

Hunter

Kellyville

Macarthur

Narrabri

Newcastle

North-East Sydney

Nowra

Randwick

Roseville

Southern Highlands

Sydney CBD

Tamworth

Taren Point

Walcha

Windsor



GROWTH

FINANCIAL HIGHLIGHTS

FOR 2018

Fund Performance



Growth	1/168
Ultra Growth	2/111
Cap Stable	4/105
Balanced	6/168

Flagship funds performance ranking for three years to 30 June 2018 against all funds on a leading survey

FUA



\$83mil

Funds Under Advice acquired in 2017-18



UNPAT up
21%
to \$10.5mil



FUMAA up
\$1 billion
(by 18%) to \$6.7bil



Dividends up
25%
to 20.00 cents / share



61
Aligned
Planners &
Associates



37 Offices
across Australia



112 Staff around
Australia from
over **28** different
countries of origin



Australian Capital Territory Office Locations

Canberra

DIVERSIFICATION



FIVE YEAR FINANCIAL SUMMARY

FOR THE YEARS 2014 TO 2018

FINANCIAL HISTORY					
	2018	2017	2016	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL PERFORMANCE					
Gross Revenue	45,873	40,752	35,451	26,253	22,874
Underlying Net Profit After Tax (UNPAT)	10,505	8,710	7,036	5,748	4,501
Statutory Net Profit After Tax (NPAT)	9,198	7,512	5,839	4,622	3,983
Cost To Income Ratio (CTI) - ex amortisation %	56%	60%	63%	62%	63%
FINANCIAL POSITION					
Total Assets	40,562	36,277	33,690	28,770	26,363
Total Equity	31,132	27,620	24,127	21,191	19,351
Cash	13,885	9,548	9,691	12,374	11,194
SHAREHOLDER INFORMATION					
Number of shares outstanding	31,242,623	31,264,368	31,110,855	30,883,398	30,757,897
Market Capitalisation (in \$ mil)	146	128	72	53	50
EPS based on UNPAT (in cents)	33.6	27.8	22.6	18.6	14.6
Dividends (in cents)	20.0	16.0	12.5	10.0	9.1
Share Price - 30 June closing (in \$)	4.66	4.09	2.31	1.70	1.62

FOR THE FIVE YEARS 2014 TO 2018



24%

Annualised
Profit Growth



23%

Annualised
EPS Growth



7%

Cost To Income
% Reduction

Victoria Office Locations

Mt Waverley
Ringwood

Sale
St Kilda

Surrey Hills



SIMPLE & POWERFUL



JOINT REPORT OF THE CHAIRMAN AND THE EXECUTIVE DEPUTY CHAIRMAN

HIGHLIGHTS

Funds Under Management Advice & Administration up by \$1.0 billion (18%)

Net underlying profit after tax up by \$1.8 million (21%)

Basic underlying earnings per share up 21%

Established position as a comprehensive financial services provider of Platform Administration, Funds Management, and Financial Planning

Entry into the markets of SMA administration and Financial Planning Software sales to external dealer groups as an IT systems developer



Dear Shareholder,

On behalf of the directors, we jointly report on the consolidated operating performance of Fiducian Group Limited and its controlled operating entities for the year ended 30 June 2018.

FINANCIAL INFORMATION

RESULTS FOR 2017-18

The Fiducian Group result continues to show positive momentum in operational activity and application of the Board's strategy to grow the business.

Consolidated Operating Revenue increased by 13% and consolidated Net Revenue increased by 12% driven by business growth. Gross margin remained at 74% (2017: 74%)

During the year Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (Underlying EBITDA) increased by 21% to \$14.80 million. Underlying Net Profit After Tax (UNPAT) is \$10.50 million an increase of 21% over the 2017 results. This represents an Underlying earnings per share of 33.6 cents which is 21% ahead of the 2017 results. Underlying NPAT does not include amortisation or one off costs and therefore gives a clearer picture of the Group's cash generating ability going forward.

The Statutory Net Profit for the consolidated entity after providing for income tax was \$9.20 million (2017: \$7.51 million), an increase of 22%.

In summary, all major operating divisions contributed positively to the result. This is an important consideration for shareholders, as the Fiducian group model with three

successful business streams can generate up to three times the revenue generating capacity of simple platform operators who obtain revenue only from administration services or other single revenue generating businesses such as fund management or financial planning.

The increase in operating expenses by 5% (2017: 9%) primarily in the first half of 2018 was directed towards further strengthening the already strong compliance lines of defence for financial planning, expanding financial planner and support staff positions, some systems development to provide greater efficiency and deliver data required by Government under new legislation and as well, business development activities.

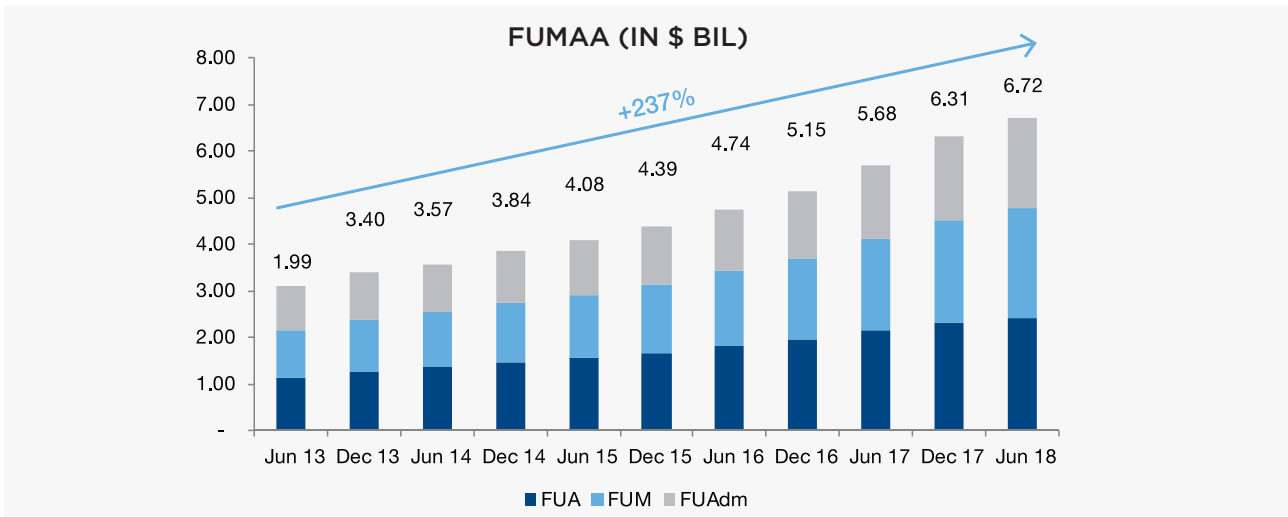
Our diversity policy encourages persons of different race, gender, sexual orientation, religion, national or ethnic origin, age or disability and skills to participate and receive recognition, reward and management responsibility commensurate with their performance. Some staff positions changed during the year which allowed for a refreshing of some staff positions. Employees are from 28 different countries of origin, 50% are female with 27% in senior roles, while 23% are over 55 years of age.

The combined Funds under Management, Administration and Advice (FUMAA) have steadily grown by 237% over the past 5 years to \$6.72 billion as at June 2018, an increase of over \$1.0 billion over 2017. (See graph on next page).

CAPITAL MANAGEMENT

A key feature of the company is that it currently remains debt free and exhibits a positive working capital and cash flow position.

FINANCIAL HIGHLIGHTS				
Year Ending 30 June	2018	2017	\$ GROWTH	% CHANGE
Funds Under Management, Advice and Administration (FUMAA)	6.72 Billion	5.68 Billion	1.0 Billion	↑ 18%
	\$'000	\$'000		
Operating Revenue*	45,873	40,752	5.1 Million	↑ 13%
Fees and Charges paid*	(12,117)	(10,480)		
Net Revenue	33,756	30,272	3.5 Million	↑ 12%
Gross Margin	74%	74%		
Underlying EBITDA	14,832	12,220	2.6 Million	↑ 21%
Depreciation	(89)	(86)		
Tax on underlying earnings	(4,239)	(3,424)		
Underlying NPAT (UNPAT)	10,504	8,710	1.8 Million	↑ 21%
Amortisation	(1,307)	(1,233)		
Income from Client Servicing Rearrangement (net of tax)	-	35		
Statutory NPAT	9,198	7,512	1.7 Million	↑ 22%
Basic EPS based on UNPAT (in cents)	33.6	27.8		↑ 21%
Basic EPS based on NPAT (in cents)	29.4	24.0		



FINAL DIVIDEND

The Board remains prudent, but is confident that the future of the business is positive and likely to continue to strengthen. As a result, a fully franked final dividend of 11 cents per share has been declared which will bring the total fully franked dividend declared for the 2018 financial year to 20 cents, an increase of 25% (2017: 16 cents). The full year dividend represents 67% of the statutory NPAT for the year. The final dividend will be paid on 12th September 2018 on issued shares held on 29th August 2018. It is heartening to note that a shareholder who invested \$1,000 in Fiducian shares in 2012-13, is now receiving \$200 as a fully franked dividend for 2017-18.

ACQUISITIONS

During the year the Group has acquired around \$83 million of Funds Under Advice for our salaried & franchised planners. These acquisitions have started to contribute to our revenue. As acquisitions continue to assimilate into our processes, they should deliver increased revenue and demonstrate our disciplined approach to balancing growth and returns. Our funds under advice now stand at around \$2.40 billion. We are continuing negotiations to acquire more clients of financial planning practices, but sometimes these take longer than anticipated, as we will not compromise on quality and the compliance history of the vendor.

MARKET BUY-BACK

During the year, 21,745 shares were bought back on the market (2017: NIL shares) leaving 31.24 million shares on issue at year end (2017: 31.26 million).

CASH FLOW

Net operating cash flows of \$10.4 million were achieved (2017: \$8.6 million). After adjusting for investing activities (acquisitions) \$0.3 million and financing activities (dividends and share buyback) \$5.7 million, net cash increased by \$4.3 million (2017: decrease \$0.1 million). Cash at year-end was \$13.9 million (2017: \$9.5 million).

An amount of \$5.1 million is required for regulatory purposes. Surplus cash is planned for business acquisitions, which should assist our future revenue and earning capacity

STAFF AND DIRECTOR OPTIONS

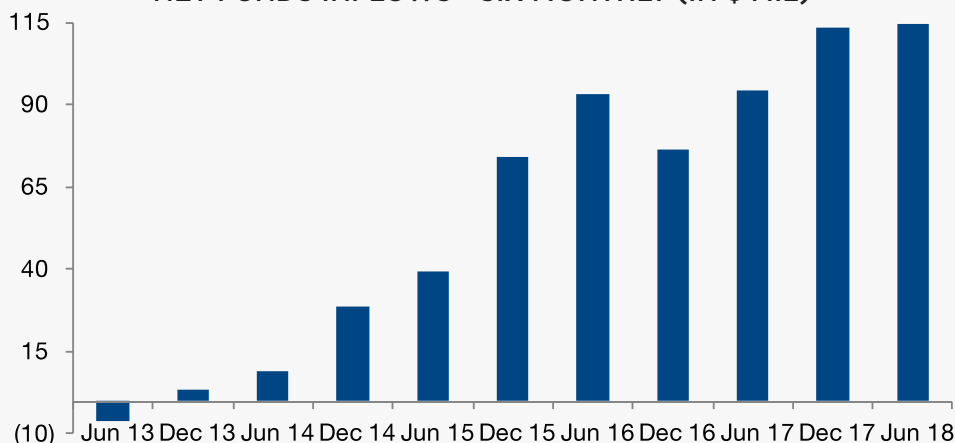
In accordance with the terms and conditions of the approved Employee and Director Share Option Plan, 35,000 options (2017: 100,000) will be issued to the Executive Deputy Chairman in accordance with his contract of employment subject to approval at the Annual General Meeting. These options will be issued at \$4.35 a share, a discount of 5% based on the average price in June and may be converted to shares by him making a payment of their value to the company after 1 year and within 5 years. Options are only granted when the underlying net profit or share price increases by more than 15% over the previous year.

FINANCIAL PLANNING

During the year, Funds under Advice grew from \$2.14 billion in June 2017 to \$2.41 billion in June 2018 due to acquisitions of financial planning businesses, increases in net inflows and rising financial markets. Fiducian expects the highest level of compliance and client service from its financial planning network. Even though the generation of higher inflows is important, our commitment is to quality. As such, 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. Compliance is important and we currently have one Practice Development manager for every 12 financial planners as our first line of defence and an almost similar number of compliance officers as our second line of defence. Consequently, clients receive appropriate advice and retention of clients and funds remains high.



NET FUNDS INFLOWS - SIX MONTHLY (IN \$ MIL)



Going forward, our focus will remain on generating inflows through organic and inorganic growth. This implies further acquisitions of financial planning client bases that satisfy our strict quality criteria and as well, expanding the franchisee network so we can continue to assist clients who wish to achieve their financial and lifestyle goals using our processes. Staffing for recruitment in this area is likely to increase.

SALARIED OFFICES

Company owned offices with salaried financial planners in New South Wales, Victoria, Western Australia, Queensland and Tasmania continue to contribute to overall results. Salaried offices comprise over 48.5% of funds under advice. Acquisitions made during the year have assimilated well into our existing presence in Victoria and should add to our results going forward.

FRANCHISED OFFICES

Franchised offices now comprise around 51.5% of our funds under advice. We have a total of 37 franchised financial planners nationally whom we continue to assist through practice development, compliance, para-planning, marketing, financial planning software and investment products and strategies. In addition, we have 4 accounting practices in our 'Associate' franchisee program which aims to convert them to a full operating franchise when educational and training programs are completed.

PLATFORM ADMINISTRATION

Platform Administration offers portfolio wrap administration for superannuation and investment services to financial planners as well as Managed Discretionary Accounts (MDAs) which offer investors access to a portfolio of shares directly managed for them. Negotiations are underway with external groups of financial planners who could use our services to administer their client share and, fund portfolios, also called Separately Managed Accounts (SMA).

We have the capability and capacity to offer this administration service to the external market in conjunction with the services we currently provide to our own platforms. One such SMA contract is currently operating successfully and negotiations with other groups are progressing. Success in this area, which puts us in direct competition with other platform administrators', will add to our revenues. With over twenty years of experience behind us, we are confidently delivering a superior and largely automated level of service to this market. The hallmark of the Fiducian administration offering is quality in terms of daily processing, accuracy and customer service. Funds under administration increased in total by 23.1% (around \$400 million) to \$1.94 billion (2017: \$1.58 billion).

We continue to experience strong growth in Net Fund inflows driven by our salaried and franchised financial planners (see graph above) We expect this positive trend to continue.

INDEPENDENT FINANCIAL PLANNERS (IFAs)

Funds under administration for IFAs are around 8.03% 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

SUPERANNUATION

The Superannuation Trustee Board established for our public offer, superannuation wrap fund in March 2015 with an equal number of independent and non-independent directors is operating well. The Board is supported by the office of Superannuation Trustee and has outsourced some key operational processes to other specialist service providers. Three directors were re-elected for a three-year term following completion of their term in the office.

FUNDS MANAGEMENT

Fiducian manages clients' investments through its Manage the Manager system of investing. We carefully select a range of investment managers and blend them in our funds to advise on or manage this money through mandates or their funds. In this way, we seek to deliver above average returns over the short to medium term and thereby deliver superior returns, compared with our peers, over the longer term, as indicated below.

The process also has the potential to reduce volatility while providing liquidity and transparency.

There were some notable performances over the three year return period for our flagship diversified funds. The performances of these funds to end of June 2018 are reported in the Morningstar Investment Performance Survey. The Growth and Balanced Funds were ranked 1st and 6th respectively out of 168 funds, the Capital Stable Fund was ranked 4th out of 105 funds and the Ultra Growth Fund was ranked 2nd out of 111 funds on the survey. Over the last ten years, thirty nine annualised returns are reported for these funds of which all results were ranked in the top quartile against the combined strength of all the Australian and leading International investment managers that are managing money in Australia. This is an outstanding achievement.

INFORMATION TECHNOLOGY

Fiducian Information Technology division has been busy with enhancements to deliver straight-through-processing functionality to 'FasTrack' and our administration system which provides greater control, efficiency and substantial cost savings and, as well, opens up new business opportunities. The improvements now in place provide integration with our on-line reporting tools and financial planning software 'FORCe', and as well, give greater flexibility to administer a wider range of investments. Further improvements towards electronic application and processing which allow flexibility to administer different configurations of products have been developed. A raft of new superannuation and taxation legislation changes were brought in last year and these required substantial IT systems development to be operational by specific dates. We are proud to advise that our IT Team successfully completed all these system modifications within the scheduled times required by the relevant regulators.

A successful and major system development to administer SMAs for external financial planning groups on FasTrack, our platform administration system was made. This has opened up a new source of revenue for us. In addition FORCe our financial planning software has been enhanced to receive client account data from external platforms and as well, offer risk insurance plans.

Following on from this, we have begun offering FORCe to the external market and signed on our first external user. These developments have the potential to add to our revenues in time and will be nurtured through additional distribution personnel.

HUMAN RESOURCES

MANAGEMENT AND STAFF

There were only a few staff changes during the year, largely at the junior levels. Effective reporting processes are in place for all subsidiaries which enhance Group Board oversight of our business activities. Key performance indicators have been documented to monitor performance. Fiducian is an equal opportunity employer. Any person irrespective of race, gender, sexual orientation, religion, national or ethnic origin, age or disability has a similar opportunity to work and rise to seniority within the company subject to their skills, qualifications and experience for the role. There are persons from 28 different nationalities employed at Fiducian.

PLANNERS COUNCIL, IT AND PLATFORM USER GROUPS

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 allow financial planners to alert the company to issues that may need consideration.

The IT User Group and the Platform User Group again deserve commendation for their contributions to the developments and enhancements to our financial planning software (FORCe), on-line reporting tool (Fiducian Online) and platform administration system (FasTrack).

BOARD OF DIRECTORS

The Board of directors is working constructively to evaluate and support management's recommendations for the company. The Business Plan for the year ahead has identified measures to lift profit including by acquisitions. Future performance can also be influenced by continuing strength in financial markets and decisive political leadership. Management remains committed to achieving the goals and objectives set down in the plan

COMMUNITY SUPPORT

Fiducian continues to raise funds for charity. Sponsorship has also been extended to community organisations and sporting teams linked to our planning network. Vision Beyond AUS, a charity supported by the Fiducian Group, has grown to assist hospitals in India, Myanmar, Nepal and Cambodia. Over 29,845 men, women and children who live in abject poverty have now had their eyesight restored. We intend to continue our charitable support to the community.



CURRENT ECONOMIC AND MARKET ENVIRONMENT

The global economy overall appears to be still on track to grow strongly this year and next, according to the International Monetary Fund (IMF), with global growth forecast to be 3.9% in 2018 and 3.9% in 2019. However, in its latest report (July), the IMF emphasises that ‘the balance of risks has shifted further to the downside, including in the short term’, adding that ‘among the advanced economies, growth divergences between the United States on one side, and Europe and Japan on the other, are widening, while growth is also becoming more uneven among developing economies’. In particular, the IMF notes that ‘in the US, near-term momentum is strengthening’, while ‘growth projections have been revised down for the euro area, Japan and the United Kingdom’.

Preliminary US national accounts data, released in late July, confirms the growing strength of the US economy, with annualised growth of 4.1% for the June quarter. On the other hand, the whole Eurozone grew by only 0.4% in the March quarter, with even slower growth recorded in the two largest European economies, Germany (0.3%) and France (0.2%), although growth in Europe is expected to pick up over coming months. Japan has also been relatively weak recently and actually contracted in the March quarter (by 0.2%), despite highly expansionary monetary policy. However, Japan too is expected to perform more strongly over coming months. The IMF does have some concerns about potential negative flow-on effects, especially on developing economies, from tighter US monetary policy, with the central bank signalling ‘two additional rate hikes in 2018 and three in 2019’ (due to strong growth, reflected in an ‘unemployment rate below levels last registered 50 years ago, creating additional inflationary pressures’). Potential effects on some developing economies include ‘capital flow reductions, higher financing costs, and exchange rate pressures’.

The Australian economy grew by a solid 3.1% (year-on-year) in the March quarter, with the main impetus coming from export growth, mainly due to larger mining volumes (notably iron ore and coal, our largest export items) and higher prices for thermal coal. In fact, growth in exports contributed half of total growth for the quarter, with China taking an increasing share of total exports (now over 30%). Domestically though, households have been feeling the squeeze from low growth in after-tax income, rising household costs (such as electricity) and falling house prices, which could affect consumer and investor confidence over the near-term.

Most major share markets barely moved over the first half of this year, in contrast to last year’s ‘bull’ run. Profit growth though, particularly in the US, has continued to be strong, which has improved valuations in many cases.

Major global government bond markets saw little net movement in yields over the first half of this year, apart from the US, where the 10-year Treasury bond yield rose from 2.41% at the start of the year to 2.86% by 30 June. Overall, most bond markets continue to appear expensive.

As always, we recommend that investors should consult a Fiducian financial planner to develop a financial plan with a diversified investment strategy that could help them achieve their financial goals.

OUTLOOK

The Board expects profit growth to continue steadily in the coming year as management focus on realizing the potential of continued growth in financial planning, platform and self-managed superannuation administration, investment management and information technology. The foundations of our business pillars are solid and growth strategies are in place by building scale on existing capacity and leveraging its relatively fixed cost base.

The revenue from recent business acquisitions should benefit the bottom line in the current financial year. Additionally, synergy benefits from these businesses are expected.

The Board intends to continue to build scale and maintain its acquisition and distribution growth strategy to deliver consistent double-digit earnings growth in coming years. However, expenditure controls and profits remain a priority.

The Government has instituted a Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. This Group is monitoring the progress of the Commission. The Commission’s final report and recommendations is expected to be released in February 2019. At this stage, we believe it should be business as usual as we provide the highest level of integrity to our clients.

We would like to thank all participants for their individual contributions to the growth and success of Fiducian in what has been an eventful yet successful year with many accompanying changes in legislation.



Robert Bucknell
Non-Executive Chairman
16 August 2018



Inderjit (Indy) Singh
Executive Deputy Chairman
16 August 2018



FIDUCIAN SUPPORTED CHARITY - VISION BEYOND AUS

Registered charitable fund with tax deductible
gift recipient status

Dedicated to restore eyesight for people living
in poverty

Operated across 4 countries / 7 hospitals

Eyesight restored for over 29,845 men,
women & children

Queensland Office Locations

Buderim

Caboolture

OPPORTUNITY



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 2018.

DIRECTORS

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

R Bucknell

I Singh

F Khouri

S Hallab

PRINCIPAL ACTIVITIES

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

- (a) Operating an Investor Directed Portfolio Service and Managed Discretionary Account service, through its wholly owned subsidiary, Fiducian Investment Management Services Limited
- (b) Acting as the Trustee of Fiducian Superannuation Service through its wholly owned subsidiary, Fiducian Portfolio Services Limited
- (c) Acting as the Responsible Entity of Fiducian Funds through its wholly owned subsidiary, Fiducian Investment Management Services Limited
- (d) Providing specialist financial planning services through its wholly owned operating subsidiary, Fiducian Financial Services Pty Limited
- (e) Providing accountancy resource services through its wholly owned operating subsidiary, Fiducian Business Services Pty Limited
- (f) Providing administration and professional services to the Group through its wholly owned subsidiary, Fiducian Services Pty Limited.
- (g) Development of IT software systems for financial planning and wrap platform administration.

DIVIDENDS

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

	2018	2017
	\$'000	\$'000
Final ordinary fully franked dividend for the year ended 30 June 2017 of 8.90 cents (2016: Fully franked 7.00 cents) per share paid on 13 September 2017.	2,783	2,180
Interim ordinary fully franked dividend for the year ended 30 June 2018 of 9.00 cents (2017: Fully franked 7.10 cents) per share paid on 15 March 2018.	2,814	2,220
Total dividends paid during the year	5,597	4,400

In addition to the above, since 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 2018 of 11.00 cents per ordinary share held at 29 August 2018 and payable on 12 September 2018.

REVIEW OF OPERATIONS

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

	SEGMENT REVENUES		SEGMENT RESULTS	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Funds Management	12,740	10,169	7,595	5,773
Financial Planning	15,370	14,943	(817)	74
Corporate, Administration, Other	17,763	15,640	6,659	5,089
Profit from ordinary activities before income tax expenses			13,437	10,936
Income tax expenses			(4,239)	(3,424)
Net profit attributable to members of Fiducian Group Limited			9,198	7,512

COMMENTS ON OPERATIONS AND RESULTS

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

SHAREHOLDER RETURNS

The valuation of investment funds has improved substantially during the year and favourably impacted the management fees received by the Fiducian Group, as fully detailed in the joint report of the Chairman and Executive Deputy Chairman. This has enabled Fiducian to increase profit for the second half of the year and declare a dividend distribution of 11.00 cents per share, bringing the full year dividend to 20.00 cents per share (2017: 16.00 cents).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In continuation of the strategy to expand the financial planning network, the Group has provided funding for the acquisition of 5 financial planning businesses in Victoria, Western Australia and New South Wales. It is estimated that these businesses could contribute an additional \$83 million in funds under advice to the Group.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than the declaration of dividend after 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 operations of the Company, the results of those operations or the state of affairs of the Group in subsequent years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Chairman and Executive Deputy Chairman have commented on expected results of operations in their Joint Report. Other than this, there are no likely developments that may have significant impact on the expected results or operation 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 recognise 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 28 countries of origin, 23% over 55 years, and 50% female with 27% in senior roles.

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



KEY MANAGEMENT PERSONNEL DISCLOSURES

(A) DIRECTORS

The following persons were directors of Fiducian Group Limited during the financial year:

Chairman (non-executive)	R Bucknell
Executive Deputy Chairman and Managing Director	I Singh (appointed Executive Deputy Chairman at the Annual General Meeting on 19 October 2017)
Non-executive directors	F Khouri S Hallab

(B) INFORMATION ON CURRENT DIRECTORS

R Bucknell FCA. *Chairman – non-executive.*

Experience and expertise

Chairman since inception in 1996. Extensive experience in accounting and business management over the past 52 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 Group, the Remuneration Committee, and the Group Audit Risk and Compliance Committee.

Interest in shares and options

583,000 ordinary shares in Fiducian Group Limited.

I Singh CFP, BTech, MComm (Bus), ASIA, ASFA, Dip. FP. *Executive Deputy Chairman.*

Experience and expertise

Founder and Managing Director since inception in 1996. General Management and hands-on experience in the investment of savings and superannuation funds over the past 29 years.

Other current directorships in listed entities

None

Former directorships in the last 3 years

None

Special responsibilities

Executive Deputy Chairman, Managing Director and Company Secretary

Interest in shares and options

10,523,851 ordinary shares in Fiducian Group Limited.

200,000 options for ordinary shares in Fiducian Group Limited

F G Khouri B Bus, 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 as a partner in the firm HG Khouri & Associates.

Other current directorships in listed entities

None

Former directorships in the last 3 years

None

Special responsibilities

Director of Fiducian Portfolio Services Limited (Trustee Subsidiary), Member of the Audit Risk and Compliance Committees for both the Group and Super, and member of the Group and Trustee Remuneration Committees.

Interest in shares and options

268,323 ordinary shares in Fiducian Group Limited

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

Experience and expertise

Appointed to the Board 12 August 2016. Chartered Accountant and registered company auditor. Has over 35 years experience in finance and superannuation.

Other current directorships in listed entities

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), Member of the Audit Risk and Compliance Committee, and member of the Remuneration Committee.

Interest in shares and options

31,000 ordinary shares in Fiducian Group Limited.

(C) COMPANY SECRETARY

The company secretary is Mr I Singh CFP,B Tech, M Comm. (Bus), ASIA, ASFA, Dip. FP. Mr. Singh has been the secretary since inception in 1996, and is supported by legal counsel employed by Fiducian.

(D) MEETING OF DIRECTORS

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2018, and the numbers of meetings attended by each director were:

	MEETINGS OF DIRECTORS		MEETINGS OF COMMITTEES			
	BOARD		AUDIT RISK & COMPLIANCE		REMUNERATION	
	A	B	A	B	A	B
R Bucknell	6	6	5	6	1	1
I Singh	6	6	-	-	-	-
F Khouri	6	6	6	6	1	1
S Hallab	6	6	6	6	-	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.

(E) OTHER KEY MANAGEMENT PERSONNEL

Mr I Singh as Executive Deputy Chairman of Fiducian Group Limited, had authority for and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year ended 30 June 2018. This authority and responsibility is unchanged from the previous year.

(F) 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
- D** - Share-based compensation
- E** - Additional information

The information provided under headings A - E includes remuneration disclosures that are required under Australian Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been included in the Director's 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 2018. The Chairman and other external directors are paid a fixed fee for participation in Board and Committees meetings plus a fee based on time spent on any additional matters as approved by the Board. Directors with earnings derived from business placed with the Group may also receive remuneration as financial planners. The Chairman's fixed fee is higher than other non-executive directors based on comparative roles, time and fees in the external market.

Non-executive directors' fees for the Company are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum pool is \$450,000 a year which was 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 contributions made for them.

(b) Executive director

Remuneration and other terms of employment for the Executive Deputy Chairman are formalised in a service agreement. The Executive Deputy 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 Deputy Chairman

- Term of agreement - until 30 June 2019
- Base salary, inclusive of superannuation and salary sacrifice benefits.
- Death and TPD/Trauma cover
- Short term performance incentives
- Long term incentives through the Fiducian Group Limited Employee and Director Share Option Plan, and
- Retirement benefits
- The employment agreement may be terminated by either party with six-month notice

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

An external remuneration consultant advises the Remuneration Committee, at least every 3 years, to ensure that the Group has structured an executive remuneration package that is market competitive and complimentary to the reward strategy of the organisation. Their most recent review was in July 2018.

Base salary

Mr 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 Key Management Personnel to act in the best interests of the Fiducian Group (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 Deputy Chairman's performance for a financial year is reviewed and evaluated by the Remuneration Committee. The cornerstone to assessing the performance of the Executive Deputy 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 Deputy 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 Deputy Chairman achieved 89% of the KPIs set.

The business and operating areas considered are Financial Planning, Funds Management, Platform Administration, Risk Management, Legal, Information Technology, Marketing, Finance and Business Development & Distribution. Each business area senior manager has a number of underlying KPIs that lie within the broad objectives a), b), and c) outlined above. The underlying KPIs of each senior manager may differ and depend on their roles and responsibilities. The Executive Deputy Chairman sets the underlying KPIs for each senior manager and so each business area has a number of performance measures required to be delivered during the year. Achievement by senior managers 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 Deputy Chairman to achieve all his KPIs.

The employment contract with the Executive Deputy Chairman stipulates that a maximum of 20% of that year's fixed remuneration should be paid to the Executive Deputy Chairman if all KPIs are satisfied. The Executive Deputy Chairman was therefore entitled to a STI of \$97,900. The Executive Deputy Chairman declined his full entitlement and accepted the sum of \$50,000 as the cash bonus component.

Long-term incentives

Mr. 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 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 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 2018 Mr. Singh is entitled to 35,000 options at an exercise price of \$4.35.

Retirement benefits

Retirement benefits are delivered under the Fiducian Superannuation Service. This fund provides accumulation benefits based on the SGC 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 Deputy Chairman or by mutual consent is equal to 6 months of the gross annual remuneration.

**B - DETAILS OF REMUNERATION**

The key management personnel of the Group were the following executive and non-executive directors during the year:

- R Bucknell Non-Executive Chairman
- I Singh Executive Deputy Chairman
- F Khouri Non-Executive Director
- S Hallab Non-Executive Director

Amounts of remuneration

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

2018 NAME	SHORT-TERM EMPLOYEE BENEFITS			POST-EMPLOYMENT BENEFITS		SHARE-BASED PAYMENT	TOTAL
	CASH SALARY & FEES	CASH BONUS	NON-MONETARY BENEFITS	SUPER ANNUATION	RETIREMENT BENEFITS	OPTIONS	
	\$	\$	\$	\$	\$	\$	\$
Non-executive directors							
R Bucknell ^{1,2} (Chairman)	116,200	-	-	-	-	-	116,200
F Khouri ³	85,043	-	-	8,079	-	-	93,122
S Hallab	61,096	-	-	5,804	-	-	66,900
Executive directors							
I Singh ⁴	524,991	50,000	-	20,049	-	45,278	640,318
Totals	787,330	50,000	-	33,932	-	45,278	916,540

¹ Excludes GST if paid to another firm

² Including amounts paid to the director's company only in respect to director's duties

³ This excludes fees of \$222,320 for financial planning services paid to companies in which Mr Khouri has an interest in his capacity as a financial planner.

⁴ Mr I Singh is entitled to 35,000 options in respect of the year ended 30 June 2018. These are subject to approval at the annual general meeting on 25 October 2018.

2017	SHORT-TERM EMPLOYEE BENEFITS			POST-EMPLOYMENT BENEFITS		SHARE-BASED PAYMENT	TOTAL
	CASH SALARY & FEES	CASH BONUS	NON-MONETARY BENEFITS	SUPER ANNUATION	RETIREMENT BENEFITS	OPTIONS	
NAME	\$	\$	\$	\$	\$	\$	\$
Non-executive directors							
R Bucknell ^{1,2} (Chairman)	113,000	-	-	-	-	-	113,000
F Khouri ³	84,562	-	-	8,033	-	-	92,595
C Stone ⁴	13,361	-	-	1,269	-	-	14,630
S Hallab ⁵	25,543	-	-	2,427	-	-	27,970
Executive directors							
I Singh ⁶	515,384	40,000	-	19,615	-	51,265	626,264
Totals	751,850	40,000	-	31,344	-	51,265	874,459

¹ Excludes GST if paid to another firm

² Including amounts paid to the director's company only in respect to director's duties

³ This excludes fees of \$217,240 for financial planning services paid to companies in which Mr Khouri has an interest in his capacity as a financial planner

⁴ The remuneration of Mr Stone relates to the period of 1 July 2016 to 20 October 2016 when Mr Stone resigned as Director of the Group

⁵ The remuneration of Mr Hallab relates to the period commencing from 12 August 2016 when Mr Hallab was appointed as Director of the head entity

⁶ Mr I Singh was also entitled to 100,000 options in respect of the year ended 30 June 2017 which was not considered part of the table above pending approval at the annual general meeting. These were approved at the annual general meeting on 19 October 2017.

C - SERVICE AGREEMENTS AND INDUCTION PROCESS

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

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

D - SHARE-BASED COMPENSATION

(i) Options compensation and holdings

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



The numbers of options for ordinary shares in the Company held directly by directors 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.

2018						
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	100,000	-	100,000	-	200,000	100,000

¹ Under the terms of his employment Mr I Singh is entitled to 35,000 options relating to the current year. These are subject to approval at the annual general meeting on 25 October 2018 and therefore, these have not been included above. Options granted during the year are in respect of the entitlement relating to 2016-17.

2017						
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	100,000	100,000	100,000	-	100,000	-

¹ Under the terms of his employment Mr I Singh is entitled to 100,000 options relating to the current year. These were subject to approval at the annual general meeting on 19 October 2017 and were issued subsequent to 30 June 2017, therefore, these have not been included above. Options granted during the year are in respect of the entitlement relating to 2015-16.

(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.

2018				
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	10,523,851	-	-	10,523,851
R Bucknell	583,000	-	-	583,000
F Khouri	268,323	-	-	268,323
S Hallab	-	-	31,000	31,000

2017				
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	10,423,851	100,000	-	10,523,851
R Bucknell	800,000	-	(217,000)	583,000
F Khouri	251,373	-	16,950	268,323
S Hallab	-	-	-	-
C Stone	33,700	-	(33,700)	-

Shares provided on exercise of options

During the year there were no ordinary shares issued as a result of the exercise of remuneration options to a director of Fiducian Group Limited during the period (2017: 100,000). 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 2018 there has been a small increase in the base salary of the Executive Deputy Chairman. Cash bonuses granted in respect of the current financial year ended on 30 June 2018 is \$50,000 (2017: \$40,000) and the grant of options entitlements have been only in accordance with the incentive programs. The Executive Deputy Chairman is entitled to 35,000 options in respect of the current year ended 30 June 2018 (2017: 100,000 options) subject to shareholder approval.

DIRECTORS' SUPERANNUATION

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

LOANS TO DIRECTORS

No loans were made to directors during the financial year (2016: Nil). Details of loans to related parties of the directors have been disclosed in Note 28 Related Party Transactions.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

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

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

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

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

	CONSOLIDATED	
	2018	2017
	\$	\$
Directors' fees and committee fees	276,222	248,195
Financial planning fees paid or payable	222,320	217,240
	498,542	465,435

SHARES UNDER OPTION

Unissued ordinary shares of Fiducian Group Limited under option at the date of this report are disclosed in Note 24 of 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 in respect of 2018 and 2017 years on the exercise of options granted under the Fiducian Group Limited Employee & Director Share Option Plan are disclosed under Note 24 to the Financial Report.



INDEMNIFICATION AND INSURANCE OF OFFICERS

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

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

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

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

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

NON-AUDIT SERVICES

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

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

- all non-audit services have been reviewed by the audit 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 by the auditor (PricewaterhouseCoopers) of the parent entity, its related practices and non-related audit firms, are shown in Note 26 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 28.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

AUDITOR

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.



CORPORATE GOVERNANCE

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

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

A handwritten signature in black ink, appearing to read 'Inderjit Singh'.

Inderjit (Indy) Singh
Executive Deputy Chairman

Sydney,
16 August 2018

Auditor's Independence Declaration

As lead auditor for the audit of Fiducian Group Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Fiducian Group Limited and the entities it controlled during the period.



Craig Stafford
Partner
PricewaterhouseCoopers

Sydney
16 August 2018

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Tasmania Office Locations

Devonport

Hobart

Launceston



NEW BEGINNINGS



FINANCIAL STATEMENTS

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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.

This financial statements were authorised for issue by the directors on 16 August 2018.
The directors have the power to amend and reissue the financial statements.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	NOTES	CONSOLIDATED	
		2018	2017
		\$'000	\$'000
Revenue from ordinary activities	4	45,438	40,426
Other Income	5	435	326
Payments to advisers and service providers		(12,117)	(10,480)
Employee benefits expense		(12,428)	(12,210)
Depreciation and amortisation expense	6(a)	(1,396)	(1,319)
Other expenses	6(b)	(6,495)	(5,807)
Profit before income tax expense		13,437	10,936
Income tax expense	7	(4,239)	(3,424)
Profit for the year		9,198	7,512
Other comprehensive income for the full year, net of tax		-	-
Total comprehensive income for the year		9,198	7,512
Profit is attributable to:			
Owners of Fiducian Group Limited		9,198	7,512
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)		29.42 cents	24.04 cents
Diluted earnings per share (in cents)		29.28 cents	24.00 cents

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	NOTES	CONSOLIDATED	
		2018	2017
		\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	13,885	9,548
Trade and other receivables	10	4,976	4,369
Total Current Assets		18,861	13,917
Non-current assets			
Loan Receivables	11	5,738	6,323
Property, plant and equipment	13	186	223
Intangible assets	15	15,776	15,814
Total Non-Current Assets		21,700	22,360
Total assets		40,561	36,277
LIABILITIES			
Current liabilities			
Trade and other payables	16	6,081	5,576
Current tax liabilities	17	1,460	1,280
Total Current Liabilities		7,541	6,856
Non-current liabilities			
Net deferred tax liabilities	18	1,357	1,420
Provisions	19	532	381
Total Non-Current Liabilities		1,889	1,801
Total liabilities		9,430	8,657
Net assets		31,131	27,620
EQUITY			
Contributed equity	20	7,041	7,141
Reserves	21	130	120
Retained profits	22	23,960	20,359
Total equity		31,131	27,620

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 2018

	NOTES	CONTRIBUTED EQUITY	RESERVES	RETAINED PROFITS	TOTAL
		\$'000	\$'000	\$'000	\$'000
Balance as at 30 June 2016		6,855	67	17,205	24,127
Profit for the year		-	-	7,512	7,512
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	7,512	7,512
Transactions with equity holders in their capacity as equity holders					
Shares issued for the acquisition of business		123	-	-	123
Dividends provided for or paid	8	-	-	(4,400)	(4,400)
Shares issued on exercise of options		163	-	-	163
Transfer to retained earning		-	(42)	-	(42)
Transfer from reserves		-	-	42	42
Options expense	21	-	95	-	95
Total transactions with equity holders		286	53	(4,358)	(4,019)
Balance as at 30 June 2017		7,141	120	20,359	27,620
Profit for the year		-	-	9,198	9,198
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	9,198	9,198
Transactions with equity holders in their capacity as equity holders					
Shares bought back-on market and cancelled		(100)	-	-	(100)
Shares issued on exercise of option		-	-	-	-
Dividends provided for or paid	8	-	-	(5,597)	(5,597)
Transfer to retained earning		-	-	-	-
Transfer from reserves		-	-	-	-
Options expense	21	-	10	-	10
Total transactions with equity holders		(100)	10	(5,597)	(5,687)
Balance as at 30 June 2018		7,041	130	23,960	31,131

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



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	NOTES	CONSOLIDATED	
		2018	2017
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (Inclusive of goods and services tax)		49,143	44,151
Payments to suppliers and employees (Inclusive of goods and services tax)		(34,756)	(32,281)
		14,387	11,870
Interest received		435	326
Income taxes paid		(4,444)	(3,511)
Net cash inflow from operating activities	29	10,378	8,685
Cash flows from investing activities			
Payments in relation to acquisitions		(827)	(1,742)
Net payment to and on behalf of advisers for business development		526	(2,889)
Payments for property, plant and equipment		(44)	(10)
Proceeds from client servicing rearrangement		-	50
Net cash outflow from investing activities		(345)	(4,591)
Cash flows from financing activities			
Payments for shares bought back		(100)	-
Shares issued on exercise of options		-	163
Dividends paid		(5,597)	(4,400)
Net cash outflow from financing activities		(5,697)	(4,237)
Net increase/(decrease) in cash held		4,337	(143)
Cash and cash equivalents at the beginning of the year		9,548	9,691
Cash and cash equivalents at the end of year	9	13,885	9,548

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



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 2018 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 (including structured 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 company'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 AND EXPENSE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns and amounts collected on behalf of third parties.

Revenue and expenses are recognised for the major business activities as follows:

(i) Management fees and Fees, payments to advisers and service providers

Revenues comprising trustee and management fees are recognised on an accruals basis. Fees, payments to advisers and service providers are recognised as the associated services are provided.

(ii) Interest income

Interest income is brought to account using the effective interest method. The effective interest rate method calculates the amortised cost of a financial instrument and allocates the interest income over the relevant period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(E) OPERATING LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (Note 27). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(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 of an Investor Directed Portfolio Service, Fiducian Investment Service, Managed Discretionary Account Service and the Responsible Entity of Fiducian Funds ("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 2018 reflect the fiduciary nature of these company's 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.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

Collectability of trade receivables is reviewed on an ongoing basis. Receivables, which are known to be uncollectible, are written off. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(K) INVESTMENTS AND OTHER FINANCIAL ASSETS

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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position in Notes 10 and 11. Subsequent to initial recognition, loans are measured at amortised cost using the effective interest method and are presented net of provisions for impairment.

(L) FAIR VALUE ESTIMATION

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.

(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 – 8 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 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 amount. These are included in the statement of comprehensive income.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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

Consideration payable for the acquisition of client portfolios is deferred and amortised on a straight-line basis over a period of 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) 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.

(P) 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(Q) 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 & 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.

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.

(R) 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 reissued.

(S) 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.

(T) EARNINGS PER SHARE

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(U) 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 and 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.

(V) ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 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 Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(W) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods. The Group has decided not to early adopt any of the standards available for early adoption. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments

AASB 9 Financial Instruments addresses the classification, measurement, recognition and derecognition of financial assets and financial liabilities while revising the rules for hedge accounting and impairment. Fiducian will first apply AASB 9 from 1 July 2018 and the standard will be applied retrospectively in respect of classification, measurement and impairment. There are no requirements to restate comparatives and the cumulative effect of initially applying the standard will be recognised as an opening balance sheet adjustment. The Group has completed its assessment of the impacts of the standard and does not see any impact from the revised recognition and measurement provisions or hedge accounting rules. With the impairment rules, Fiducian's modelling does not indicate that there will be any material effect on the move from an incurred credit loss model to an expected credit loss model.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces the current guidance on revenue recognition from contracts with customers. It requires identification of all performance obligations within a transaction and the associated transaction price allocated to these obligations. Revenue is recognised upon satisfaction of these performance obligations when control of these goods or services are transferred to the customer. When revenue is received from contracts which involve a variable consideration, revenue is recognised when it is highly probable that there will be no significant reversal of the variable component. Fiducian will apply AASB 15 from 1 July 2018 with no comparative restatements. Fiducian has completed its assessment of the impacts on the revenue streams of the Group and based on this assessment the principles of AASB 15 are broadly consistent with Fiducian's current accounting policies. Therefore, there will not be any material impact on adoption of AASB 15.

AASB 16 Lease (effective from 1 January 2019)

The standard introduces a single lease accounting model and removes the current distinction between operating and financial leases. It requires the recognition of an asset (the right to use leased item) and financial liability to pay rentals for the lease contract. Fiducian is in the process of assessing the implication of this standard on its operating leases.

2. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing the Annual report, the Group makes estimates and assumptions concerning the future which management believe are reasonable. However, actual results in the future may differ from those reported and therefore it is reasonably possible, on the basis of existing knowledge, that the outcomes in future may differ from management's assumptions and estimates and may require adjustments to the carrying amounts of the assets and liabilities reported. The estimates and assumptions 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 accounting 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 the cash-generating units have been determined based on earnings multiples requiring the use of sustainable revenue estimates and comparable market transactions.

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:

Financial Planning

The Group continued its specialist financial planning operations through its subsidiary, Fiducian Financial Services Pty Ltd.

Funds Management

The Group through its subsidiary, Fiducian Investment Management Services Ltd, acts as an operator of an Investor Directed Portfolio Service, Fiducian Investment Service and as Responsible Entity for managed investment schemes.

Corporate and Administration

The administration and professional services are provided to the Group by a subsidiary, Fiducian Services Pty Ltd. Management views this as an operating segment. For the current year the operations of Fiducian Portfolio Services Ltd which acts as an RSE of the public offer superannuation fund and Fiducian Business Services Pty Ltd which provides accountancy resources services have been aggregated in this segment as management have concluded that these segments do not meet the quantitative thresholds required by AASB 8 Operating Segments. The figures and segments of the previous year have been adjusted to make them comparable with the current year.

Geographical segments

The Group operates in the geographical segments of Australia and in India. The Indian operations which are in the course of winding up are not considered material for a separate geographical segment disclosure during the financial year 2018.



3. SEGMENT INFORMATION (CONTINUED)

(B) PRIMARY REPORTING - BUSINESS SEGMENTS

	FUNDS MANAGEMENT	FINANCIAL PLANNING	CORPORATE, ADMINISTRATION & OTHER	SEGMENT ELIMINATIONS	CONSOLIDATED
	\$'000	\$'000	\$'000	\$'000	\$'000
2018					
Revenue from external customers	15,631	15,849	13,958	-	45,438
Inter-segment sales ¹	(3,000)	(276)	3,276	-	-
Other Revenue	109	271	55	-	435
Total segment revenue	12,740	15,844	17,289	-	45,873
Profit from ordinary activities before income tax expense	7,595	(817)	6,659	-	13,437
Income tax expense					(4,239)
Profit from ordinary activities after income tax expense					9,198
Segment assets	9,163	24,697	17,926	(11,225)	40,561
Segment liabilities	5,147	5,114	1,168	(1,999)	9,430
Acquisitions of plant and equipment, intangibles and other non-current segment assets	-	1,251	69	-	1,320
Depreciation, amortisation and impairment	-	1,305	91	-	1,396

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



3. SEGMENT INFORMATION (CONTINUED)

(B) PRIMARY REPORTING - BUSINESS SEGMENTS (CONTINUED)

	FUNDS MANAGEMENT	FINANCIAL PLANNING	CORPORATE, ADMINISTRATION & OTHER	SEGMENT ELIMINATIONS	CONSOLIDATED
	\$'000	\$'000	\$'000	\$'000	\$'000
2017					
Revenue from external customers	12,711	15,279	12,436	-	40,426
Inter-segment sales ¹	(2,640)	(532)	3,172	-	-
Other Revenue	98	196	32	-	326
Total segment revenue	10,169	14,943	15,640	-	40,752
Profit from ordinary activities before income tax expense	5,773	74	5,089	-	10,936
Income tax expense					(3,424)
Profit from ordinary activities after income tax expense					7,512
Segment assets	8,130	23,932	15,332	(11,118)	36,276
Segment liabilities	3,511	4,780	2,259	(1,893)	8,657
Acquisitions of plant and equipment, intangibles and other non-current segment assets	-	1,008	15	-	1,023
Depreciation, amortisation and impairment	-	1,211	108	-	1,319

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



3. SEGMENT INFORMATION (CONTINUED)

(C) OTHER SEGMENT INFORMATION

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the board is measured in a manner consistent with that in the statements of comprehensive income.

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

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
Total segment revenue	45,438	40,426
Inter-segment eliminations	-	-
Total revenue from continuing operations (note 4)	45,438	40,426

The entity is domiciled in Australia. The amount of its revenue from external customers in Australia is \$45,438,000 (2017: \$40,426,000).

(ii) Segment assets

The amounts provided to the board with respect to total assets are measured in a manner consistent with that of the financial report. These assets are allocated based on the operations of the segment and the physical location of the asset.

All assets are located in Australia and in India (which are not material).

(iii) Segment liabilities

The amounts provided to the board with respect to total liabilities are measured in a manner consistent with that of the financial report. These liabilities are allocated based on the operations of the segment.

4. REVENUE FROM ORDINARY ACTIVITIES

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
From continuing operations		
Sales revenue		
Fees received ¹	44,605	39,666
Other	833	760
Revenue from ordinary activities	45,438	40,426

¹ Includes expense recovery fee of \$3,826,000 (2017: \$3,943,000). For details refer to the Note 6 expenses.

5. OTHER INCOME

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
Interest received/receivable	435	326
Other income	435	326

6. EXPENSES

CONSOLIDATED	
2018	2017
\$'000	\$'000

Profit before income tax includes the following expenses:

a) Depreciation and amortisation expense

Depreciation		
Furniture office equipment and computers	26	29
Leasehold improvements	54	57
Total depreciation	80	86
Amortisation		
Capitalised computer software	9	12
Client portfolio acquisition costs	1,307	1,186
Total amortisation	1,316	1,198
Impairment		
Goodwill	-	35
Total impairment expense	-	35
Total depreciation, amortisation and impairment expense	1,396	1,319

b) Other expenses

Professional services	458	383
Sales marketing and travel	1,402	1,233
Rental expense relating to operating leases	1,071	939
Premises and equipment	192	285
Communication and computing	757	771
Printing and stationery	231	203
Auditors remuneration (Note 25)	562	524
Regulatory fees	352	182
Administration and other	2,089	1,853
Expense Recovery ¹	(619)	(566)
	6,495	5,807

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 paid out of the Expense Reserve in FSS. For the current year the Expense Recovery Fee of \$3,826,000 (2017: \$3,943,000) has been included in Revenue from ordinary activities in Note 4 as part of Fees received.



7. INCOME TAX EXPENSE

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
a) Income tax expense		
Current tax	4,620	4,003
Deferred tax	(381)	(579)
Income tax expense	4,239	3,424
Deferred income tax/(revenue) expense included in income tax expense comprises:		
Decrease/(Increase) in deferred tax assets (Note 14)	6	(232)
(Decrease) in deferred tax liabilities (Note 18)	(387)	(347)
Deferred tax	(381)	(579)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	13,437	10,936
Tax at the Australian tax rate of 30%	4,031	3,281
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment	51	4
Sundry items	48	42
Income tax under provided in previous year	109	97
Income tax expense	4,239	3,424

(c) Tax consolidation legislation

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

8. DIVIDENDS

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
Final ordinary fully franked dividend for the year ended 30 June 2017 of 8.90 cents (2016: Fully franked 7.00 cents) per share paid on 13 September 2017.	2,783	2,180
Interim ordinary fully franked dividend for the year ended 30 June 2018 of 9.00 cents (2017: Fully franked 5.50 cents) per share paid on 15 March 2018.	2,814	2,220
Total dividends paid during of the year	5,597	4,400

The Directors have declared a final fully franked dividend for the year ended 30 June 2018 in the amount of 11 cents per Ordinary share to be paid on shares registered on 29 August 2018 and payable on 12 September 2018.

Franked dividends

The franked portions of the final dividends recommended after 30 June 2018 will be franked out of existing franking credits.

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
Franking credits available for the subsequent financial year based on a tax rate of 30%	13,688	11,541

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

- franking credits that will arise from the payment of the amount of the provision for income tax
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

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

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of approximately \$1,473,000 (2017: \$1,192,000).

9. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
Cash at bank and in hand	13,885	9,548
	13,885	9,548



10. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
Amounts receivable from related entities:		
Related trusts	3,818	3,300
Business development loans *	410	238
Staff loans *	3	3
Other receivables	1,067	833
Prepayments	142	282
	<u>5,440</u>	<u>4,656</u>
Less: provision for impairment of receivables	(464)	(287)
	<u>4,976</u>	<u>4,369</u>

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

Movements in provision for impairment of receivables		
Balance at beginning of the year	(287)	(82)
Additional provision during the year	(177)	(205)
Balance at end of the year	<u>(464)</u>	<u>(287)</u>

At 30 June 2018, a provision for impairment exists for trade receivables outstanding greater than 120 days where management considers that the receivable is impaired.

Information about the Group's exposure to credit and interest rate risk in relation to trade and other receivables is provided in Note 32.

11. NON-CURRENT ASSETS - LOAN RECEIVABLES

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
Business development loans *	5,916	6,427
Staff loans *	10	24
Less: provision for impairment of loans	(188)	(128)
	<u>5,738</u>	<u>6,323</u>

* Refer to note 10 for the current portion of these receivables

(A) IMPAIRED RECEIVABLES

\$60,000 has been provided against a business development loan of \$449,600 in the current year (2017: \$128,000).

11. NON-CURRENT ASSETS - LOAN RECEIVABLES (CONTINUED)

(B) FAIR VALUES

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

	2018		2017	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
	\$'000	\$'000	\$'000	\$'000
Business development loans*	5,728	5,728	6,299	6,299
Staff loans*	10	10	24	24
	5,738	5,738	6,323	6,323

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

12. NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS

The Group's principal subsidiaries as at 30 June 2018 are set out below.

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING %
Fiducian Investment Management Services Ltd ("FIM") ¹	Australia	Ordinary	100
Fiducian Portfolio Services Ltd ("FPS") ²	Australia	Ordinary	100
Fiducian Services Pty Ltd ("FSL") ³	Australia	Ordinary	100
Fiducian Financial Services Pty Ltd ("FFS") ⁴	Australia	Ordinary	100
Fiducian Business Services Pty Ltd ("FBS") ⁵	Australia	Ordinary	100

¹ The company acts as the Responsible entity of the Fiducian Funds and the operator of the Fiducian Investment Service

² The company acts as the Trustee for the Fiducian Superannuation Service

³ The company provides the administration and professional services to the other entities within the Group

⁴ The principal activity of the company is the development of a specialist financial planning services network

⁵ The principal activity of the company is to provide bookkeeping, accounting and tax processing services

In addition to the above subsidiaries, Fiducian Business Services has 90% equity investment in Fiducian Resourcing Services Pvt Ltd, a company incorporated in India, providing accounting and tax processing services to the Group. The operations of this company which are in the process of being wound up are not considered material to the Group in 2018.



13. NON-CURRENT ASSETS - PROPERTY, PLANT & EQUIPMENT

CONSOLIDATED	
2018	2017
\$'000	\$'000

Plant and Equipment

Furniture, office equipment and computers

Less: accumulated depreciation

1,641	1,598
(1,455)	(1,375)
186	223

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 1 July 2016				
Cost	290	462	835	1,587
Accumulated depreciation	(219)	(430)	(640)	(1,289)
Net book amount	71	32	195	298
Year ended 30 June 2017				
Opening net book amount	71	32	195	298
Additions	5	6	-	11
Disposals	-	-	-	-
Depreciation/amortisation charge	(18)	(11)	(57)	(86)
Closing net book amount	58	27	138	223
At 30 June 2017				
Cost	295	468	835	1,598
Accumulated depreciation	(237)	(441)	(697)	(1,375)
Net book amount	58	27	138	223
Year ended 30 June 2018				
Opening net book amount	58	27	138	223
Additions	-	44	-	44
Disposals	-	-	-	-
Depreciation/amortisation charge	(14)	(13)	(54)	(81)
Closing net book amount	44	58	84	186
At 30 June 2018				
Cost	295	512	835	1,642
Accumulated depreciation	(251)	(454)	(751)	(1,456)
Net book amount	44	58	84	186

14. NON-CURRENT ASSETS - DEFERRED TAX ASSETS

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Doubtful debts	196	124
Employee benefits	573	538
Accrued expenditure	215	290
Provision for audit and taxation services	130	123
Provision for FBT	11	19
Restructure expenses	74	111
Deferred tax assets before set off	1,199	1,205
Set off against deferred tax liabilities (note 18)	(1,199)	(1,205)
	-	-
Movements:		
Opening balance at 1 July	1,205	973
Taken to the statement of comprehensive income	(6)	232
Deferred tax assets before set off	1,199	1,205
Set off against deferred tax liabilities	(1,199)	(1,205)
	-	-

15. NON-CURRENT ASSETS - INTANGIBLE ASSETS

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
Deferred expenditure		
Capitalised expenditure – computer software	5,029	5,029
Less: Accumulated amortisation	(5,023)	(5,014)
	6	15
Client portfolios		
Cost of acquisition of client portfolios	14,027	12,949
Less: Accumulated amortisation	(5,592)	(4,286)
	8,435	8,663
Goodwill		
Goodwill on acquisition	7,799	7,600
Less: Accumulated amortisation	(464)	(464)
	7,335	7,136
	15,776	15,814



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 1 July 2016				
Cost	12,365	7,449	5,021	24,835
Accumulated depreciation	(3,099)	(464)	(5,002)	(8,565)
Net book amount	9,266	6,985	19	16,270
Year ended 30 June 2017				
Opening net book amount	9,266	6,985	19	16,270
Additions*	763	241	8	1,012
Disposals/write off	(180)	(90)	-	(270)
Impairment charge	-	-	-	-
Amortisation charge**	(1,186)	-	(12)	(1,198)
Closing net book amount	8,663	7,136	15	15,814
At 30 June 2017				
Cost	12,949	7,600	5,029	25,578
Accumulated depreciation	(4,286)	(464)	(5,014)	(9,764)
Net book amount	8,663	7,136	15	15,814
Year ended 30 June 2018				
Opening net book amount	8,663	7,136	15	15,814
Additions*	1,079	199	-	1,278
Disposals/write off	-	-	-	-
Impairment charge	-	-	-	-
Amortisation charge**	(1,307)	-	(9)	(1,316)
Closing net book amount	8,435	7,335	6	15,776
At 30 June 2018				
Cost	14,027	7,799	5,029	26,856
Accumulated depreciation	(5,592)	(464)	(5,023)	(11,079)
Net book amount	8,435	7,335	6	15,776

* 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.

** Amortisation of \$1,316,000 (2017 : \$1,198,000) is included in depreciation, and amortisation expense in the statement of comprehensive income.

(B) IMPAIRMENT TESTS FOR GOODWILL AND CLIENT PORTFOLIOS

Goodwill and client portfolios are allocated to the Group's Cash Generating Units (CGUs) identified according to business segment. The recoverable amount of a CGU is determined based on market value calculations. These calculations use recurring income measures consistent with market valuations of similar financial services businesses.

15. NON-CURRENT ASSETS - INTANGIBLE ASSETS (CONTINUED)

(C) IMPACT OF POSSIBLE CHANGES IN KEY ASSUMPTIONS

Changes in assumptions made in the assessment of impairment of goodwill relate to updating the earnings multiple used to estimate sustainable revenues. These assumptions are compared to market each year and adjusted appropriately.

(D) IMPAIRMENT CHARGE

During the year, no impairment charge was recorded against goodwill to reflect the lower payment on final settlement for the acquisition of a portfolio of client assets relating to financial planning and business services respectively (2017: \$35,000).

(E) SENSITIVITY ANALYSIS

The estimates and judgments included in the fair value calculations are based on historical experience and other factors, including management's and the Directors' expectations of future events that are believed to be reasonable under the current circumstances. Other than (d) above there has been no impairment recognised for the Fiducian Group CGUs in the impairment assessment performed at 30 June 2018. Based on management's current assessment, the recoverable amount of Fiducian's CGUs exceeds the carrying amount by \$7.35 million.

(F) BUSINESS COMBINATION

During the year the Group had made the following acquisitions:

SEGMENT	FINANCIAL PLANNING	FINANCIAL PLANNING
FIDUCIAN ENTITY	FIDUCIAN FINANCIAL SERVICES PTY LTD	FIDUCIAN FINANCIAL SERVICES PTY LTD
Date	7 Dec 2017	4 May 2018
Purchased	Client portfolio	Client portfolio
Vendor staff employed by Group	No	No
Maximum purchase price	\$380,000	\$463,894
Paid by 30 June 2018	\$380,000	\$373,943
Deferred consideration at 30 June 2018	-	\$89,951
Value attributed on the Statement of Financial Position as at 30 June 2018	100%	100%
Business combination or asset only	Business Combination	Business Combination
Provisional fair value of assets recognized as a result of acquisition are as follows:		
Intangible assets	\$504,000	\$463,894
Deferred tax liabilities	(\$151,200)	(\$139,168)
Net Identifiable assets acquired	\$352,800	\$324,726
Goodwill	\$27,200	\$139,168
Net assets acquired	\$380,000	\$463,894

While each acquisition is considered on its own merits, a number of synergies are expected to result once the business combination has been fully implemented. This may include leverage from the existing scale Fiducian has from its infrastructure in Risk, Compliance, IT, Legal, Finance and other support functions, products and processes.

The acquired businesses did not contribute significantly to the group's current year profits. However, if the acquisitions had taken place on 1 July 2017, management estimate a maximum revenue impact of \$745k for the year ended 30 June 2018. 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 agreements for the acquisitions, 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.



16. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
Trade payables	2,032	1,799
Other payables*	2,319	1,917
Client portfolio deferred settlement	198	448
Annual leave entitlements accrued	705	665
Long service leave entitlements accrued	827	747
	<u>6,081</u>	<u>5,576</u>

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

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

17. CURRENT LIABILITIES - CURRENT TAX LIABILITIES

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
Income tax	1,460	1,280
	<u>1,460</u>	<u>1,280</u>

18. NON-CURRENT LIABILITIES-DEFERRED TAX LIABILITIES

CONSOLIDATED	
2018	2017
\$'000	\$'000

The balance comprises temporary differences attributable to:

Amounts recognised in profit and loss:

Amortisation of client portfolios	2,556	2,625
Deferred tax liabilities before set off	2,556	2,625
Set off against deferred tax assets	(1,199)	(1,205)
Net deferred tax liabilities	1,357	1,420

Movements:

Opening balance at 1 July	2,625	2,738
Addition during the year	318	233
Taken to the statement of comprehensive income	(387)	(346)
Deferred tax liabilities at 30 June before set off	2,556	2,625
Set off against deferred tax assets	(1,199)	(1,205)
Net deferred tax liabilities	1,357	1,420

Expiration of net deferred tax liabilities

within 12 months	413	381
after 12 months	944	1,039
	1,357	1,420

19. NON - CURRENT LIABILITIES-PROVISIONS

CONSOLIDATED		
2018	2017	
\$'000	\$'000	
Deferred settlements - payments	154	-
Employee benefits - long service leave	378	381
	532	381

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



20. CONTRIBUTED EQUITY

(A) SHARE CAPITAL

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
Ordinary shares - fully paid	7,041	7,141
	7,041	7,141

(B) MOVEMENTS IN ORDINARY SHARE CAPITAL

DATE	DETAILS	NUMBER OF SHARES	AVERAGE PRICE	\$'000
1 July 2016	Opening balance	31,110,855	-	6,855
	Shares issued for the acquisition of business	53,513	\$2.29	123
	Shares issued on exercise of options	100,000	\$1.63	163
30 June 2017	Balance	31,264,368	-	7,141
	Share bought back-on market and cancelled	(21,745)	\$4.55	(100)
	Shares issued on exercise of options	-	-	-
30 June 2018	Balance	31,242,623	-	7,041

(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 amounts paid on the shares held.

On a show of hands every holder of ordinary shares presents 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 2017 and 30 June 2018 the Company purchased and cancelled ordinary shares on-market in order to reduce the company's capital and surplus liquidity. During the financial year the shares were acquired at an average price of \$ 4.55 per share, with prices ranging from \$4.20 to \$4.80.

At 30 June 2018, 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 and options issued, exercised and lapsed during the year is set out in Note 24.

20. CONTRIBUTED EQUITY (CONTINUED)

(F) CAPITAL RISK MANAGEMENT

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

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

The requirement under the AFS licence and RE licences are maintained by placing cash on deposit with an ADI. The requirement under the AFS licence is monitored monthly when management accounts are prepared, and is reported to the Board monthly at each meeting.

21. RESERVES

CONSOLIDATED	
2018	2017
\$'000	\$'000

Movements

Share-based payments reserve

Balance 1 July	120	67
Option expense	10	95
Transfer to retained profits (on exercise of options)	-	(42)
Balance at 30 June	130	120

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

22. RETAINED PROFITS

CONSOLIDATED	
2018	2017
\$'000	\$'000

Movements

Balance 1 July	20,359	17,205
Net profit for the year	9,198	7,512
Dividends paid (Note 8)	(5,597)	(4,400)
Transfer from share-based payment reserve (on exercise of options)	-	42
Balance at 30 June	23,960	20,359



23. KEY MANAGEMENT PERSONNEL DISCLOSURES

(A) KEY MANAGEMENT PERSONNEL

	CONSOLIDATED	
	2018	2017
	\$	\$
Short-term employee benefits	837,330	791,850
Post-employment benefits	33,932	31,344
Share-based payment	45,278	51,265
	<u>916,540</u>	<u>874,459</u>

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 numbers 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.

2018						
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	100,000	-	100,000	-	200,000	100,000

¹ Under the terms of his employment Mr I Singh is entitled to 35,000 options relating to the current year. These are subject to approval at the annual general meeting on 25 October 2018 and therefore, these have not been included above. Options granted during the year are in respect of the entitlement relating to 2016-17.

2017						
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	100,000	100,000	100,000	-	100,000	-

¹ Under the terms of his employment Mr I Singh is entitled to 100,000 options relating to the current year. These were subject to approval at the annual general meeting on 19 October 2017 and were issued subsequent to 30 June 2017, therefore, these have not been included above. Options granted during the year are in respect of the entitlement relating to 2015-16.

23. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(B) EQUITY INSTRUMENT DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL (CONTINUED)

(iii) Shareholdings

The numbers 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

2018				
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	10,523,851	-	-	10,523,851
R Bucknell	583,000	-	-	583,000
F Khouri	268,323	-	-	268,323
S Hallab	-	-	31,000	31,000

2017				
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	10,423,851	100,000	-	10,523,851
R Bucknell	800,000	-	(217,000)	583,000
F Khouri	251,373	-	16,950	268,323
C Stone	33,700	-	(33,700)	-

Shares provided on exercise of options

During the year no ordinary shares in the company were issued as a result of the exercise of remuneration options to the Executive Deputy Chairman of Fiducian Group Limited, as key management person of the Group. (2017: 100,000). 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 (2017: Nil). Details of loans to related parties of the directors has been disclosed in Note 28 Related Party Transactions.



23. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(D) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

A director, Mr F Khouri, is an authorised representative under the Fiducian Financial Services Pty Ltd Australian Financial Services Licence and is a director and shareholder of Hawkesbury Financial Services Pty Ltd, which is a franchisee of Fiducian Financial Services Pty Ltd. Hawkesbury Financial Services Pty Ltd places business with and receives financial planning remuneration from the Group. All transactions are on normal commercial terms and conditions.

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

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

	CONSOLIDATED	
	2018	2017
	\$	\$
Directors' fees	276,222	248,195
Financial planning fees paid or payable	222,320	217,240
	498,542	465,435

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

Shares under option

Unissued ordinary shares of Fiducian Group Limited under option at the date of this report are disclosed in Note 26 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 2018 on the exercise of options granted under The Fiducian Group Limited Employee & Director Share Option Plan is disclosed under Note 24 to the financial report.

24. SHARE BASED PAYMENTS

(A) EMPLOYEE AND DIRECTOR SHARE OPTION PLAN (ESOP)

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

Fiducian Group Limited ('FGL') 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.

24. SHARE BASED PAYMENTS (CONTINUED)

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 100,000 options @ \$3.77 were issued (2017: 100,000 options @ \$2.18) to the Executive Deputy Chairman and no employee options expired during the same period (2017: Nil).

Subject to prior approval by shareholders, the Company may issue each year a maximum of 100,000 options to the executive director for each year of service, subject to performance criteria being met in accordance with his executive agreement. The Directors have resolved to issue 35,000 options (2017: 100,000) at an exercise price of \$4.35 to the executive director in respect of the year ended 30 June 2018.

The assessed fair value at reporting date of the share based payments during the year ended 30 June 2018 was \$0.72 per option (2017: \$0.62). The fair value at reporting date has been independently calculated using the Black Scholes pricing model. The assumptions included in the valuation of these options include a risk-free-interest rate of 1.25%, a nil dividend yield on the ordinary shares of the Company and a volatility in the Company's share price of 30% based on historical share price.

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

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	LAPSED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED & EXERCISABLE AT THE END OF YEAR
			NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
Consolidated 2018								
ESOP-Executive Deputy Chairman								
20 Oct 16	20 Oct 21	\$2.18	100,000	-	-	-	100,000	100,000
20 Oct 17	20 Oct 22	\$3.77	-	100,000	-	-	100,000	-
			100,000	100,000	-	-	200,000	100,000
Weighted average exercise price			\$2.18	\$3.77	-	-	\$2.98	-

The volume weighted average remaining contractual life of share options outstanding at the end of the period was 3.81 years (2017: 4.31 Years).

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
			NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
Consolidated 2017								
ESOP-Executive Deputy Chairman								
23 Oct 14	23 Oct 19	\$1.63	100,000	-	100,000	-	-	-
20 Oct 16	20 Oct 21	\$2.18	-	100,000	-	-	100,000	-
			100,000	100,000	100,000	-	100,000	-
Weighted average exercise price			\$1.63	\$2.18	\$1.63	-	\$2.18	-

The volume weighted average remaining contractual life of share options outstanding at the end of the period was 4.31 years (2016: 3.32 Years)

(B) EXPENSES ARISING FROM SHARE-BASED PAYMENT TRANSACTIONS

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as \$45,278 (2017: \$51,265).



25. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices:

	CONSOLIDATED	
	2018	2017
	\$	\$
Audit services		
PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports	142,447	138,974
Other audit related work, including audit of entities for which a group entity is trustee, manager or responsible entity (gross of any amounts reimbursed)	419,498	385,026
Total remuneration	561,945	524,000

Audit services

PricewaterhouseCoopers Australian firm:

Audit and review of financial reports

Other audit related work, including audit of entities for which a group entity is trustee, manager or responsible entity (gross of any amounts reimbursed)

Total remuneration

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to its statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important, on the proviso that the auditor's independence is not affected.

26. CONTINGENT LIABILITIES

The parent entity and Group had contingent liabilities at 30 June 2018 in respect of bank guarantees for property leases of parent and group entities amounting to \$590,357 (2017: \$405,000).

In addition to the above, the Group is aware of the continuing activities of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry and is monitoring its progress. The Group has not been contacted by the Commission and believes that its strong compliance and governance practices along with the relatively high level of resources committed to this area should support its transparent client relationship based model. It means that the matters being identified at the Commission present limited risk to the Group. As part of its ongoing commitment to maintain the highest level of integrity to its clients, the Group is conducting reviews to ensure that its services remain of the highest quality. Consequently, the Group has not found it necessary to make any provision.

27. COMMITMENTS FOR EXPENDITURE

(A) CAPITAL EXPENDITURE

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000

Commitment payable within one year

- -

(B) OPERATING LEASES

The Group leases various offices under non-cancellable operating leases expiring within 12 months to four years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of leases are renegotiated.

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
Payable within one year	1,021	1,082
Payable later than one year but not later than 5 years	565	1,648
	1,586	2,730

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 incorporate 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.

(D) TRANSACTIONS WITH RELATED PARTIES

- (i) Transactions between the Group and other related entities
 - a. Operator fee income received from related trusts
 - b. Trustee fee income received from related trusts
 - c. Recovery of group costs, such as insurance 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
 - 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
 - c. Loans to related parties of directors

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



28. RELATED-PARTY TRANSACTIONS (CONTINUED)

(D) TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

The following transactions occurred with related parties:

	OWNERSHIP INTEREST ¹	CONSOLIDATED	
		2018	2017
Related trusts			
Fiducian Investment Service	Nil		
Operator fees income		5,431,317	4,425,672
Expense recovery		322,266	339,192
Interest		278,336	197,521
Fiducian Superannuation Service			
Operator fees income	Nil	15,178,659	13,412,420
Expense recovery		3,946,610	3,900,862
Interest		628,230	523,633
Fiducian Funds			
Operator fees income	Nil	13,951,373	11,423,119
Expense recovery		270,000	269,150
Interest		198,260	193,654
Entities associated with directors or their relatives			
Hawkesbury Financial Services Pty Ltd ²			
Financial planning fees paid		222,320	217,240
Fiducian Financial Services Bondi Junction Pty Ltd ³			
Financial planning fees paid		44,930	41,021

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.

LOANS TO RELATED PARTIES OF DIRECTORS	BALANCE AT 1 JULY 2017	INTEREST PAID/PAYABLE FOR THE YEAR	REPAID DURING THE YEAR	BALANCE AT 30 JUNE 2018	NUMBER OF KMP IN THIS AGGREGATION
	\$	\$	\$	\$	

Aggregate details of business development and staff loans made to key management personnel of the Group, including their close family members and entities related to them.

26,965	323	(14,515)	12,773	1
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Business development and staff loans have been made at arm's length and at the same terms and conditions provided to other franchisees and staff.



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	
	2018	2017
	\$	\$
Current receivables (income from related trusts)	3,492,186	3,300,383

No provisions for doubtful receivables have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad and doubtful receivables due from related parties.

29. RECONCILIATION OF PROFIT OR LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
Profit for the year	9,198	7,512
Non-cash employee (expense)/ benefit	117	257
Depreciation, amortisation and impairment	1,396	1,319
Changes in operating assets and liabilities:		
Change in accounts receivable	(762)	(282)
Change in income tax payable	180	491
Change in trade creditors	372	(201)
Change in other creditors	262	167
Change in deferred income tax liability	(385)	(578)
Net cash inflow from operating activities	10,378	8,685



30. EARNINGS PER SHARE

Earnings per share using weighted average number of ordinary shares outstanding during the period:

(A) BASIC EARNING PER SHARE (IN CENTS)

Profit from continuing operations attributable to the ordinary equity of the company

CONSOLIDATED	
2018	2017

29.42 24.04

(B) DILUTED EARNING PER SHARE (IN CENTS)

Profit from continuing operations attributable to the ordinary equity and potential ordinary equity of the company

29.28 24.00

(C) WEIGHTED AVERAGE NUMBER OF SHARES USED AS DENOMINATOR

Weighted average number of ordinary shares used as denominator in calculating basic earnings per share

CONSOLIDATED	
2018	2017
NUMBER	NUMBER

31,263,238 31,250,210

Adjustments for calculation of diluted earnings per share options

152,269 49,517

Weighted average number of ordinary shares and potential ordinary shares used as denominator in calculating diluted earnings per share

31,415,506 31,299,277

(D) RECONCILIATION OF EARNINGS USED IN CALCULATING BASIC AND DILUTED EARNINGS PER SHARE

CONSOLIDATED	
2018	2017
\$'000	\$'000

Net profit and earnings used to calculate basic and diluted earnings per share

9,198 7,512

(E) INFORMATION CONCERNING THE CLASSIFICATION OF SECURITIES

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

31. EVENTS OCCURRING AFTER BALANCE DATE / REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group 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	
2018	2017
\$'000	\$'000

Financial assets

Cash and cash equivalents	13,885	9,548
Trade and other receivables	10,714	10,692
	<u>24,599</u>	<u>20,240</u>

Financial liabilities

Trade and other payables	6,613	5,957
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(A) MARKET RISK

(i) Foreign exchange risk

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

(ii) Interest rate risk

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

	30 JUNE 2018		30 JUNE 2017	
	WEIGHTED AVERAGE INTEREST RATE	BALANCE	WEIGHTED AVERAGE INTEREST RATE	BALANCE
	%	\$'000	%	\$'000
Cash at bank and on deposit	1.58%	13,885	1.34%	9,548
Business development and staff loans	4.26%	6,151	3.88%	6,564
		<u>20,036</u>		<u>16,112</u>

Bank deposits are at call and staff and planner loans have terms extending between 1 and 7 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 2018 if interest rates change by +/- 100 basis points (2017: +/- 100 basis points) from the year end rates with all other variables held constant, post-tax profit would have been \$141,570 higher or lower (2017: \$ 113,000).



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, and financial planning fees are only paid following the receipt of this 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 franchisee based on extensive 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	
	2018	2017
	\$'000	\$'000
Cash at bank and on deposit		
AA-	13,885	9,548
Business development and staff loans		
Unrated	6,151	6,564

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 agreement.

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

(C) LIQUIDITY RISK

The Group maintains sufficient liquid reserves to meet all foreseeable working capital, investment and regulatory licensing requirements. The Group has a \$4 million undrawn overdraft facility (2017: \$4 million) available with their bank.

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
Financial Liabilities		
Due in less than 1 year	6,081	5,576
Due between 1 and 2 years	532	381
	6,613	5,957

(D) FAIR VALUE ESTIMATION

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- 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
- 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 2018

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(E) ASSETS AND LIABILITIES NOT CARRIED AT FAIR VALUE BUT FOR WHICH FAIR VALUE IS DISCLOSED

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

Cash and cash equivalents include cash in hand, 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.

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.

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. Non-current loans have been valued at the present value of estimated future cash flows discounted at the market interest rates for these type of loans.

33. PARENT ENTITY FINANCIAL INFORMATION

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

	2018	2017
	\$'000	\$'000
(a) Balance sheet		
Current Assets	19,011	16,378
Non Current Assets	9,349	9,349
Total Assets	28,360	25,727
Current Liabilities	-	-
Non Current Liabilities	-	-
Total Liabilities	-	-
Net Assets	28,360	25,727
Equity		
Share capital	7,040	7,141
Reserves	144	120
Retained Earnings	21,176	18,466
Equity	28,360	25,727
(b) Total comprehensive income		
Dividend from subsidiary and other income	8,300	7,550

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 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 did not consider it necessary to disclose additional consolidation information related to the close group excluding this entity.

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

South Australia Office Locations

Adelaide City Central



**CULTIVATED FOR
THE LONG TERM**



DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 32 to 71 are in accordance with the Corporations Act 2001, including
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements and
 - (ii) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2018 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 Deputy 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
Executive Deputy Chairman

Sydney,
16 August 2018



Independent auditor's report to the shareholders of Fiducian Group Limited

Report on the audit of the financial report

Our opinion

In our opinion the accompanying financial report of Fiducian Group Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2018
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall Group materiality of \$671,860, which represents approximately 5% of the Group’s profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- Our audit procedures covered the Group’s most significant operations being “Financial planning”, “Funds management” and “Corporate, administration & other”.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit 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. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter

How our audit addressed the key audit matter

Revenue

(Refer to note 4) (\$45m)

Revenue of the Group includes income from ‘financial planning’ (\$15.8 m), ‘funds management’ (\$12.7 m) and ‘corporate, administration & other’ (\$17.3 m).

We considered accuracy of revenue to be a key audit matter due to the materiality of the revenue streams and the presumption in Australian Auditing Standards that the risk of fraud in revenue should be considered a significant audit risk.

From 1 July 2018, the Group will transition to AASB 15 *Revenue from Contracts with Customers*. In accordance with the Australian Accounting Standards, the Group is required to disclose the impact of accounting standards issued but not yet applied. Accordingly, the Group has disclosed information relevant to the

Our procedures included:

- evaluating and testing certain controls related to accurate recognition and calculation of revenue
- for revenue streams where amounts are automatically calculated by the Group’s core product system, including administration fees and portfolio review fees, manually reperforming the fee calculations for a sample of transactions with reference to Product Disclosure Statements (PDS), member application forms or other forms of documentation of terms
- for revenue streams where amounts are at the discretion of the Group’s financial planners, agreeing a sample to correspondence between the planner and the relevant client.



possible impacts of AASB 15 from 1 July 2018 within Note 1(w).

Our procedures to evaluate the disclosures on the possible impact of AASB 15 included:

- evaluating the Group's assessment of their revenue streams and contract types in line with the five step model required by AASB 15
- selecting a sample of revenue contracts and testing whether the Group's assessment of AASB 15 is consistent with the contents of the revenue contracts, and
- assessing the adequacy of disclosures made in the financial report.

Recoverability of loans to financial planners

(Refer to note 10 and 11) (\$6.3m)

From time to time, the Group enters into lending arrangements with specified financial planning franchisees. Outstanding loans totalled \$6.3m at the reporting date (FY17 \$6.7m).

The recoverability of the loans is a key audit matter due to the judgement involved in assessing the ability of each financial planner to repay their loan as and when they fall due.

From 1 July 2018, the Group will transition to AASB 9 *Financial Instruments*. In accordance with the Australian Accounting Standards, the Group is required to disclose the impact of accounting standards issued but not yet applied. Accordingly, the Group has disclosed information relevant to the possible impacts of AASB 9 from 1 July 2018 within Note 1(w).

Our procedures included:

- evaluating the Group's year-end assessment of the recoverability of loans to financial planners, including making inquiries of management about any changes in each borrower's circumstances and evaluating the Group's assessment of the financial health and performance of the underlying business
- obtaining confirmations of all loans to financial planners, and
- testing collateral/security arrangements to loan contracts and Personal Property Security Registers for a sample of the loans.

Our procedures to evaluate the disclosures on the possible impact of AASB 9 included:

- evaluating the Group's assessment of expected impairment supporting the Expected Credit Loss (ECL) requirements of AASB 9, and
- assessing the adequacy of disclosures made in the financial report.

Assessment of intangible assets' carrying values

(Refer to note 15) (\$15.8)

The balance sheet includes intangible assets relating to portfolios of financial advice clients and goodwill arising from acquisitions made by the financial planning business of the Group.

The combined carrying value of client portfolios and goodwill as at the reporting date was \$15.8m (FY17 \$15.8m).

At each period end, the Group considers whether there are any indicators that the carrying value of

Our procedures included:

- updating our understanding of prevailing market conditions and factors that could materially affect the fair value and usage of the relevant assets, and considering whether these may represent indicators of impairment
- evaluating key assumptions used by the Group in the calculation of the recoverable amount of acquired client portfolios and goodwill such as the multiple applied to associated revenues when estimating fair value, and



client portfolios might be impaired. It also performs an annual impairment test for goodwill.

- comparing market multiples to independent sources and stress testing the multiples applied.

This was a key audit matter due to the size of the intangible assets balance and the judgement involved in the periodic impairment assessment.

Other information

The directors are responsible for the other information. The other information comprises the Financial highlights, Five year financial summary, Joint report of the Chairman and the Executive Deputy Chairman, Directors' Report, Shareholder information and Corporate directory included in the Group's annual report for the year ended 30 June 2018 but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.



Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 19 to 25 of the Directors' report for the year ended 30 June 2018.

In our opinion, the remuneration report of Fiducian Group Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Craig Stafford' in a cursive script.

Craig Stafford
Partner

Sydney
16 August 2018



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A photograph of a vast field of pink flowers, likely a field of pink daisies or similar wildflowers, stretching towards a dense line of trees in the background. The trees are tall and thin, with their branches creating a canopy overhead. The lighting is soft, suggesting a late afternoon or early morning setting. The overall mood is peaceful and natural.

Western Australia Office Locations

South Perth

ANTICIPATION



SHAREHOLDER INFORMATION

A. DISTRIBUTION OF EQUITY SECURITY HOLDERS BY SIZE OF HOLDING

Analysis of numbers of equity security holders by size of holding, as at 31 July 2018

DISTRIBUTION	OPTION HOLDERS	ORDINARY SHARE HOLDER
1 - 1,000	-	263
1,001 - 5,000	-	486
5,001 - 10,000	-	164
10,001 - 100,000	-	180
100,001 - and over	1	23
Total holders	1	1,116

There were 20 holders of a less than marketable parcel of ordinary shares.

B. EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The names of the 20 largest registered shareholders of quoted equity securities as at 31 July 2018, are listed below

	NAME	NUMBER HELD	PERCENTAGE OF ISSUED SHARES
1	INDYSHRI SINGH PTY LIMITED	8,795,933	28.15
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	2,594,463	8.30
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,378,245	7.61
4	LONDON CITY EQUITIES LIMITED	2,012,214	6.44
5	SHRIND INVESTMENTS PTY LTD (INDYSHRI SUPER FUND A/C)	1,727,918	5.53
6	MR VICTOR JOHN PLUMMER	800,000	2.56
7	BNP PARIBAS NOMS PTY LTD (DRP)	674,517	2.16
8	HUNTER PLACE SERVICES PTY LTD	583,000	1.87
9	CITICORP NOMINEES PTY LIMITED	582,473	1.86
10	MR IVAN TANNER + MRS FELICITY TANNER (THE SUPERNATURAL S/F A/C)	521,500	1.67
11	D R SMITH HOLDINGS PTY LTD	500,000	1.60
12	NORCAD INVESTMENTS PTY LTD	450,000	1.44
13	BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT DRP)	402,445	1.29
14	GARRETT SMYTHE LTD	339,000	1.09
15	BNP PARIBAS NOMS (NZ) LTD (DRP)	239,600	0.77
16	HFR PTY LTD (THE F & M KHOURI S/FUND A/C)	216,137	0.69
17	MR IAN HAROLD HOLLAND	165,000	0.53
18	BOND STREET CUSTODIANS LIMITED (RSALTE - D64848 A/C)	154,694	0.50
19	MRS JENNIFER MARGARET LEESON	138,847	0.44
20	FORSYTH BARR CUSTODIANS LTD (FORSYTH BARR LTD-NOMINEE A/C)	134,600	0.43
		23,410,586	74.93



SHAREHOLDER INFORMATION (CONTINUED)

Unquoted equity securities

As at 31 July 2018

TYPE OF SECURITY	NUMBER ON ISSUE	NUMBER OF HOLDERS
Options - Executive Deputy Chairman	200,000	1

C. SUBSTANTIAL SHAREHOLDERS

Substantial shareholders and associates as at 31 July 2018 (more than 5% of a class of shares) in the company are set out below

NAME	NUMBER HELD	PERCENTAGE
INDYSHRI SINGH PTY LIMITED and associates	10,523,851	33.68
J P MORGAN NOMINEES AUSTRALIA LIMITED	2,594,463	8.30
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,378,245	7.61
LONDON CITY EQUITIES LIMITED	2,012,214	6.44

D. VOTING RIGHTS

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

Ordinary shares

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

Options

No voting rights



CORPORATE DIRECTORY

DIRECTORS

R Bucknell FCA

Chairman

I Singh CFP, BTech, MComm (Bus), ASIA, ASFA, Dip. FP

Executive Deputy Chairman

F Khouri B Bus, FCPA, CTA

S Hallab B Ec (Acct & Law), CA, GAICD, FAIST

COMPANY SECRETARY

I Singh CFP, BTech, MComm (Bus), ASIA, ASFA, Dip. FP

NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting of
Fiducian Group Limited

Will be held at Level 4, 1 York Street, Sydney.

Time: 10:00 am

Date: Thursday 25 October 2018

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 REGISTER

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000

AUDITOR

PricewaterhouseCoopers
Chartered Accountants
One International Towers
Watermans Quay, Barangaroo
Sydney NSW 2000

BANKERS

ANZ Banking Group
388 Collins Street
Melbourne VIC 3000

National Australia Bank Limited
500 Bourke Street
Melbourne VIC 3000

AUSTRALIAN SECURITIES EXCHANGE LISTING

Fiducian Group Limited (ASX:FID)

WEBSITE ADDRESS

www.fiducian.com.au







FIDUCIAN GROUP LIMITED

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