Appendix 4E
Preliminary final report

1. COMPANY DETAILS

Name of entity:	Sequoia Financial Group Limited
ABN:	90 091 744 884
Reporting period:	For the year ended 30 June 2021
Previous period:	For the year ended 30 June 2020

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				$
Revenues from ordinary activities	up	37.8%	to	116,462,659
Profit from ordinary activities after tax attributable to the owners of Sequoia Financial Group Limited	up	187.1%	to	5,548,262
Profit for the year attributable to the owners of Sequoia Financial Group Limited	up	187.1%	to	5,548,262

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend declared for the year ended 30 June 2021	0.60	0.60
Interim dividend paid for the year ended 30 June 2021	0.40	0.40

*The record date for determining entitlement to the 2021 Final dividend is 13 September 2021 and is to be paid on 11 October 2021

3. NET TANGIBLE ASSETS

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	10.44	8.08

Calculated as follows:

	Consolidated	
	2021 $	2020 $
Net assets	41,117,459	33,238,582
Less: Right-of-use assets	(2,130,577)	(2,764,559)
Less: Intangibles	(28,241,840)	(24,317,249)
Add: Lease liabilities	2,979,338	3,632,287
Total tangible assets	13,724,380	9,789,061
Total shares issued	131,507,805	121,216,770

4. CONTROL GAINED OVER ENTITIES

Name of entities (or group of entities)	PantherCorp CST Pty Ltd
Date control gained	1 February 2021

	$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	332,982
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	412,340

5. LOSS OF CONTROL OVER ENTITIES

Name of entities (or group of entities)	Interprac Finance Service Pty Ltd and Interprac Mortgage Management Pty Ltd
Date control lost	January 2021

	$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	30,829
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material)	97,628

6. DIVIDENDS

Current period

	Amount per security Cents	Franked amount per security Cents
Final dividend declared for the year ended 30 June 2021	0.60	0.60
Interim dividend paid for the year ended 30 June 2021	0.40	0.40

Previous period

	Amount per security Cents	Franked amount per security Cents
Final dividend declared for the year ended 30 June 2020	0.40	0.40

7. DIVIDEND REINVESTMENT PLANS

The Company has resolved to implement a Dividend Reinvestment Plan ('DRP'), which will be active for the 2021 Final Dividend. The Directors have determined that a 2.5% discount will apply to the 2021 Final Dividend. Shares allocated to shareholders under the DRP for the 2021 Final Dividend will be allocated at an amount equal to 97.5% of the average of the daily volume weighted average market price of ordinary shares of the Company trades on the ASX over the period of 5 trading days prior to Friday, 1 October 2021. The last date for receipt of election notices for the dividend or distribution plan is Friday, 1 October 2021.

8. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period	Previous period	Reporting period	Previous period
Name of associate / joint venture	%	%	$	$
Taking Control Pty Ltd (joint venture)	50.00%	-	26,246	-
Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)				
Profit/(loss) from ordinary activities before income tax			26,246	-
Income tax on operating activities			7,874	-

9. FOREIGN ENTITIES

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

Not applicable.

10. AUDIT QUALIFICATION OR REVIEW

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

The financial statements have been audited by the Company's independent auditor and an unqualified opinion has been issued.

11. ATTACHMENTS

Details of attachments (if any):

The Annual Report of Sequoia Financial Group Limited for the year ended 30 June 2021 is attached.

12. SIGNED

Signed ______________________

Date: 19 August 2021

John Larsen
Chairman
Sydney

Sequoia Financial Group Limited

ABN 90 091 744 884

Annual Report

30 JUNE 2021

sequoia
FINANCIAL GROUP

CONTENTS

Dear Shareholders,

We continue to live in challenging times, with Australians forced to adapt to the unexpected impacts of the COVID19 pandemic. This uncertainty has seen many reconsider their strategy for spending, savings and investing.

Supporting our Market

The investment universe for retail investors is becoming more complex. We have witnessed a big jump in the number of self-directed investors looking to trade shares and more exotic types of commodities like cryptocurrencies and other shorter term, highly volatile investments, without the appropriate training or knowledge of such instruments. I hasten to add that these exotic and volatile investments are typically not recommendations from our advisers, hence it is concerning that many new investors are behaving this way without any guidance or knowledge of investment markets.

Coupled with increased complexity, the ability of advisers to provide services to all client demographics is being hampered by ever increasing costs they are being asked to bear in relation to matters such as compliance, professional education, and professional indemnity insurance post the Hayne Royal Commission. This is putting pressure on the cost of their services hence reducing the cost of professional advice has become paramount in an adviser's thinking.

Within our Wealth Division, our core purpose is to assist financial planners, risk insurance advisers, accountants and third-party licensees reduce their 'cost of servicing' through our synergies of scale. We are doing this at a time where the number of groups like ours has reduced.

Our business is one of a small number of emerging businesses that has increased adviser numbers and our business-to-business service offering is rather unique within the industry. Some of the value-add services being provided by our Group include:

- Licensing and regulatory assistance
- Education
- Media
- Product Research
- Compliance and other administrative services
- Business coaching
- Technical support
- Technology
- Marketing
- Equity and ETO clearing and execution
- Insurance
- Finance

With the large banks and insurers recently exiting the wealth management industry there is a growing demand of Australians who are seeking out advice for longer term solutions for their families. This includes the intergenerational transfer of wealth taking place off the back of very strong property prices and the increased disposable income within the baby boomer demographic.

The baby boomers are very keen to receive advice on how to better build and protect wealth for the so-called 'rainy-day events' such as retirement, estate planning, moving parents to aged care and how to manage direct equity investments in place of passive investments like bonds and term deposits that have historically been accessed without advice when returns for this asset class were higher.

As mentioned however, despite this increased demand for service provision, the number of those who provide advisory services is falling at an alarming rate. This has been particularly noticeable in the adviser group nearing retirement age. In the last two years, the numbers of advisers registered on the government financial advice registry has fallen sharply, and this is expected to continue to fall to as low as 13,000 by the 2024/25 financial year.

SEQ's Financial Performance

When reviewing our results, longer term shareholders would recall the Sequoia vision shared in the back half of 2018 was a vision to increase the scale of all our core businesses, so each generated a minimum return on non-cash equity of at least 15% without needing to increase pricing to our adviser networks. The results for the full year 2021 show all four Operating Divisions surpassed this objective, and even more pleasingly outperformed cash generation budgets for the year by a significant margin.

Whilst revenue growth of 37% was solid, Operating Profit or EBITDA of $11.5m was well above the $6.4m budget (without budgeting any acquisitions) we set at the start of the period. From a consolidated viewpoint this resulted in a 28% Return on Shareholder Equity, giving us confidence, the business model of a diversified service offering enhances profitability and has growing demand.

Our focus is to continue building scale in each of the Operating Divisions, both organically and through strategic bolt on acquisitions, using a mix of cash and equity to fund such acquisitions. Throughout FY21 we paid cash of more than $2.5M for acquisitions, dividends of $0.7M and reduced debt by more than $0.5M, whilst shareholder cash and liquid investments increased to approximately $17M.

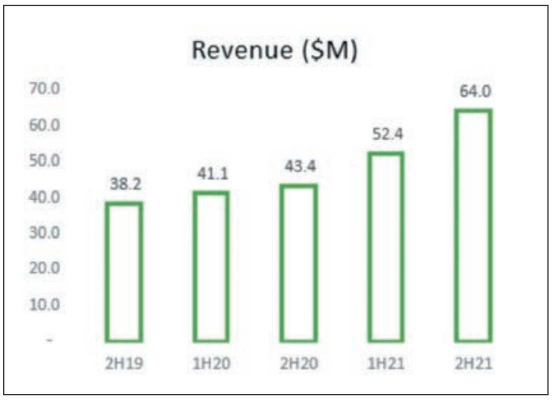
Despite the debt/equity ratio improving, we are determined to maintain a relatively conservative dividend payout ratio in FY21, although we are increasing the dividend from 0.4 cents per share in FY20 to 1.0 cent per share in FY21. The main reason behind this strategy is our intention to continue using cash as the key funding mechanism in future acquisition opportunities, thus minimising the dilution of shareholder equity, particularly at our current share price.

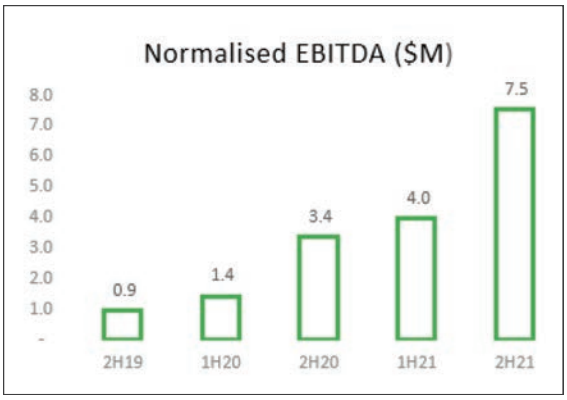
The Future

One future growth focus area remains our Wealth Division, where our mission remains increasing the numbers of advisers, we service from a current market share of around 3% towards 8% of the reduced pool of 13,000 advisers we expect in 2025.

Our Equity Markets Division aims to continue winning market share organically at the current rate of growth, so benefiting from the significant investment we made in 2019/20 to build a business where our scale can drive consistent 'toll road' type margins once turnover exceeds our 'break-even volume' each month.

Another important step for our Group is to grow the size of our Professional Services Division over the coming years. We expect to achieve this via a mix of organic growth, cross marketing, and bolt on acquisitions such as the recent Panthercorp acquisition in WA and some general insurance portfolios we are targeting.





In summary, the Group is expecting to continue the last 2 years' revenue growth rate over the coming 12 months. Given the advice environment is seeing an increase in demand yet a reduction in supply, we believe we are well placed to achieve this.

In addition, the trend of product and strategy further separating is very positive for the advice industry. This improvement in the sector's professional ethics is seeing the community have a greater level of confidence in seeking advice, because the clear legal obligation of each adviser is to put the client's interest first and ensure the services provided have measurable value.

The road to get to this point has not been an easy one for an industry that has previously been dominated by product sales, and the move to value added professional advice is one that Sequoia is very much supporting.

I would particularly like to thank my fellow Directors, the staff, customers, and the shareholders that have entrusted us with their capital, to develop a robust and relevant business offering that is making a meaningful and positive contribution to the Australian financial services community.

Garry Crole
Managing Director/CEO

John Larsen
Chairman of the board

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Sequoia Financial Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

DIRECTORS

The following persons were directors of Sequoia Financial Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Garry Crole	Managing Director and Chief Executive Officer
John Larsen	Non-Executive Director and Chairman
Kevin Pattison	Non-Executive Director
Charles Sweeney	Non-Executive Director

PRINCIPAL ACTIVITIES

The Group's principal activity is to offer financial planners, stockbrokers, self-directed investors, superannuation funds and accountants a range of services that include but is not limited to licensing services, business support and advice, coaching, compliance, education, wholesale clearing and execution, legal document establishments, investments, media and administration services.

There was no change in the principal activities during the financial year.

DIVIDENDS

Details of Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2021 $	2020 $
Final dividend for the year ended 30 June 2020 of 0.40 cents per ordinary share*	506,901	-
Interim dividend for the year ended 30 June 2021 of 0.40 cents per ordinary share**	520,097	-
	1,026,998	-

* The dividend comprised of a cash dividend paid of $316,579 and dividend reinvestment allotment of $190,322

** The dividend comprised of a cash dividend paid of $403,137 and dividend reinvestment allotment of $116,960.

All dividends are fully franked.

Dividends declared

On 19 August 2021, the Company declared a final dividend for the year ended 30 June 2021 of 0.60 cents per share, fully franked. The record date for determining entitlements to the dividend is 13 September 2021 and is to be paid on 11 October 2021. The financial effect of these dividends has not been brought to account in the financial statements for the year ended 30 June 2021 and will be recognised in subsequent financial periods.

REVIEW OF OPERATIONS

The profit for the Group after providing for income tax amounted to $5,548,262 (30 June 2020: $1,932,474).

Operating revenue from ordinary operating activities of the Group increased to $116,462,659, up from $84,498,650 in the previous year, an increase of 37.8%.

Underlying Profitability

The Directors are of the view that the best guide to the Group's performance is the underlying normalised EBITDA or Profit which is defined as earnings before interest, tax, depreciation and amortisation ('EBITDA') excluding the impact of:

- Non-operational items (i.e. acquisition-related costs, redundancy costs, impairment charges, fair value adjustments and gains/losses on the sale of investments); and
- Non-cash amortisation charges relating to separately identifiable intangible assets acquired under business combinations and other intangible assets.

The underlying profit over the financial year ended 30 June 2021 increased by 138.7% from $4,825,701 to $11,516,560. This was in line with the commentary provided by the Group at the 2020 annual general meeting of shareholders where the directors outlined the 5 key focuses for the Group over a 3-year period to 2022.

These 5 initiatives remain the core focus of your board and management teams:

(1) To generate strong cash flow from all 4 operating divisions;

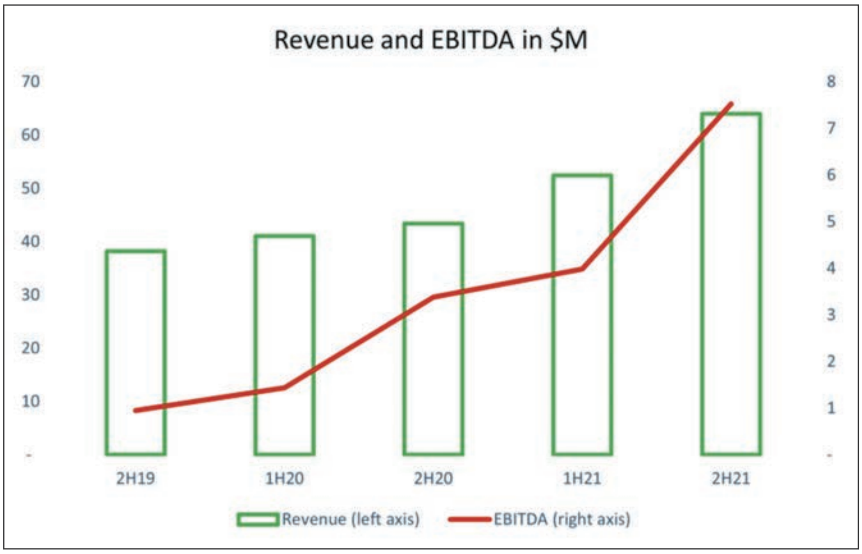
(2) To provide a ROE* on non-cash equity of 15% or above;

(3) To rebuild investor confidence in the Company's ability to generate ROE of 15%;

(4) To have the share price trading at or above equity per share; and

(5) To distribute shareholder dividend payments at 20-50% of Net Profit After Tax ('NPAT').

* Return on Equity ('ROE') is Underlying profit over Total equity.



The Company has made significant progress on each of the 5 key focuses. Operating revenue and Underlying Profit compared to the prior year are presented in the following table:

Financial Performance

	2021 $	2020 $	Change $	Change %
Operating revenue from ordinary activities	116,462,659	84,498,650	31,964,009	37.8%
Statutory NPAT	5,548,262	1,932,474	3,615,788	187.1%
Underlying Profit*	11,516,560	4,825,701	6,690,859	138.7%

* Underlying Profit or EBITDA is the measure that the Group uses to assess performance as it excludes certain non-cash and one-off or non-operational items. Refer to the table in the next section for a reconciliation of Underlying profit to Statutory NPAT.

Normalised adjustments have been applied as set out in the following reconciliation between the Group's Underlying Profit and the Statutory NPAT for the current and prior periods:

	Consolidated	
	2021 $	2020 $
Normalised EBITDA for the year	11,516,560	4,825,701
Add/(deduct) normalised adjustments:		
Acquisition costs	(316,339)	(74,648)
Restructure costs	(67,738)	-
Share of profits of joint venture	26,246	-
Non-operating other income	63,626	-
Statutory EBITDA for the year	11,222,355	4,751,053
Adjusted for:		
Interest revenue calculated using the effective interest method	15,631	109,837
Depreciation and amortisation	(2,879,359)	(1,812,709)
Finance costs	(230,836)	(166,944)
Statutory net profit before income tax for the year	8,127,791	2,881,237
Income tax expense	(2,579,529)	(948,763)
Statutory NPAT for the year	5,548,262	1,932,474

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the period, the Group finalised the asset acquisitions from Phillip Capital Ltd and Total Cover Australia.

On 1 February 2021, Sequoia Financial Group successfully completed the acquisition of all shares in PantherCorp CST Pty Ltd, a corporate legal document company based in Western Australia, for $1.7 million, and the purchase of the customer list of First Option Financial Management Pty Ltd for approximately $900,000. The considerations for both transactions are payable in cash and share issues over a period of twelve months.

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 1 July 2021, the Group announced the launch of Sequoia Family Office within the Sequoia Wealth Group. The new business will target high net worth investors with investable funds of $5.0 million to $100.0 million who are looking for specialist services in managing their financial affairs. On 1 July 2021, the Group acquired the client books of Macro Investment Advisory Pty Ltd for up to $600,000. This is the initial investment in the family office space with the aim to grow the funds under advice to $2.0 billion over the next 5 years.

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group does not expect any major developments or variation to results if the Group continues to operate as normal. However major variations would occur if the Group undertook a key strategic initiative such as a material acquisition. Currently nothing of this nature is expected to take place in the foreseeable future but the Group remains open to look at opportunities in this space whenever they are presented.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

INFORMATION ON DIRECTORS

Name: **Garry Peter Crole**

Title: Managing Director and Chief Executive Officer

Experience and expertise: Garry is a highly experienced and well-regarded Financial Services Executive. He founded Deakin Financial Planning, an ASX listed company that was later acquired by IOOF. In more recent years, Garry started Interprac Financial Planning Pty Ltd, which is a leading independently owned Australian Financial Services Licensee.

Other current directorships: None

Former directorships (last 3 years): Non-Executive Director of Diversa Ltd (ASX: DVA) and Non-Executive Director of Glennon Small Companies Limited (ASX: GC1)

Special responsibilities: Member of Risk and Compliance Committee, Audit Committee and Remuneration and Nomination Committee

Interests in shares: 11,026,733 ordinary shares (directly held) and 965,240 ordinary shares (indirectly held)

Interests in options: 1,000,000 options

Interests in rights: None

Name: **John Larsen**

Title: Non-Executive Director and Chairman

Experience and expertise: John brings in excess of 30 years' experience in financial services to the Company, including senior management positions and directorships across various businesses licensed to provide financial services including funds management and stock broking. John has significant experience in the management of private portfolios and individually managed accounts. He was also the Chairman of Odyssey Funds Management between 2002 and 2009, part of the investment committee responsible for ASX listed, Huntley Investment Company Limited, between 2006 and 2008 and previously held the position of Group Investment Manager at ING (then Mercantile Mutual Group) retaining responsibility for the entire Australian investments portfolio with over $500 million of funds under management.

Other current directorships: Non-Executive Director of Glennon Small Companies Limited (ASX: GC1)

Former directorships (last 3 years): None

Special responsibilities: Chair of Audit Committee and member of Remuneration and Nomination Committee

Interests in shares: 103,693 ordinary shares (directly held) and 1,480,627 ordinary shares (indirectly held)

Interests in options: 1,000,000 options

Interests in rights: None

Name: **Kevin Pattison**

Title: Non-Executive Director

Experience and expertise: Kevin has over 40 years' experience in financial services, specialising in distribution, strategic planning and business remediation. He has been a Non-Executive Director for the past 4 years on private companies and prior to that he was the CEO of various large national businesses in the financial services sector. He is currently the Chairman of Master Builders Insurance Brokers.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Chair of Remuneration and Nomination Committee and member of Risk and Compliance Committee

Interests in shares: 542,166 ordinary shares (indirectly held)

Interests in options: 500,000 options

Interests in rights: None

Name: **Charles Sweeney**

Title: Non-Executive Director

Qualifications: B.Comm, LL.B (Melb), Partner of Cooper Grace Ward Lawyers

Experience and expertise: Charles is a partner in Cooper Grace Ward's corporate and commercial group. Charles provides wide-ranging general commercial advice to clients, with particular areas of focus including corporate advisory and intellectual property / information technology. Acting for listed and unlisted public and private clients, Charles advises across a broad range of industries, including agribusiness, financial services, technology and mining. Charles has served as a non-executive director of an ASX listed company (including during its ASX listing) and has practical experience of the issues faced by boards in relation to corporate governance, dealings with regulators (especially ASX and ASIC), major transactions and capital raisings. Charles is also a regular presenter on such topics.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Chair of Risk and Compliance Committee and member of Audit Committee

Interests in shares: 306,336 ordinary shares (indirectly held)

Interests in options: 500,000 options

Interests in rights: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

COMPANY SECRETARY

Rebecca Weir was appointed as Secretary of the Company on 9 October 2020. Rebecca is an employee of Boardroom Pty Ltd, the Company's Corporate Secretarial Services provider. Rebecca is an associate member of the Governance Institute of Australia and an affiliate member of the Chartered Governance Institute. Rebecca holds a Bachelor of Laws (LLB) with Forensic Science and has recently completed the Graduate Diploma in Applied Corporate Governance and Risk Management.

MEETINGS OF DIRECTORS

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

	Full Board		Audit Committee	
	Attended	Held	Attended	Held
G Crole	8	8	3	3
J Larsen	8	8	3	3
K Pattison	8	8	-	-
C Sweeney	8	8	3	3

	Risk and Compliance Committee		Remuneration and Nomination Committee	
	Attended	Held	Attended	Held
G Crole	3	3	4	4
J Larsen	-	-	4	4
K Pattison	3	3	4	4
C Sweeney	3	3	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report contains the following sections:

(a) Key management personnel covered in this report

(b) Executive reward framework

(c) Remuneration and nomination committee

(d) Non-executive directors' arrangement

(e) Elements of remuneration

(f) Use of remuneration consultants

(g) Voting and comments made at the Company's 2020 Annual General Meeting (AGM)

(h) Details of key management personnel remuneration

(i) Service agreements

(j) Share-based compensation

(k) Other disclosures relating to key management personnel

(a) Key management personnel covered in this report

The key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all directors.

The key management personnel of the Group during the financial year are as follows:

- Garry Crole - Managing Director and Chief Executive Officer
- John Larsen - Chairman and Non-Executive Director
- Kevin Pattison - Non-Executive Director
- Charles Sweeney - Non-Executive Director

Other key management personnel:

- Lizzie Tan - Chief Financial Officer

(b) Executive reward framework

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 the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

(c) Remuneration and Nomination Committee

The Board of Directors, through its Remuneration and Nomination Committee, accepts responsibility for determining and reviewing remuneration arrangements for the directors and the senior management team. The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of remuneration of directors and senior managers on a periodic basis by reference to relevant employment market conditions, giving due consideration to the overall profitability and financial resources of the Group, with the objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

(d) Non-executive directors' arrangement

Fees and payments to non-executive directors reflect the demands which are made of the directors in fulfilling their responsibilities. Non-executive director fees are reviewed annually by the Board. The constitution of the Company provides that the non-executive directors of the Company are entitled to such remuneration, as determined by the Board, which must not exceed in aggregate the maximum amount determined by the Company in general meeting. The most recent determination was at the Annual General Meeting held on 19 November 2020 where the shareholders approved an aggregate remuneration of $300,000.

(e) Elements of remuneration

Executive remuneration comprises:

• Fixed remuneration component;
• Variable remuneration component including short-term incentive ('STI')
• Variable remuneration including long-term incentive ('LTI'); and
• An Employee Share Option Plan that was approved at a meeting of shareholders on the 27 November 2015 (LTI).

Fixed remuneration

Fixed remuneration consists of base remuneration as well as employer contributions to superannuation. Remuneration levels are reviewed annually through a process that considers individual performance and that of the overall Group.

Variable remuneration – short-term incentive ('STI')

STIs are available to executives who achieve performance criteria including compliance. The Board is responsible for determining who is eligible to participate in STI arrangements as well as the structure of those arrangements.

Variable remuneration – long-term incentive ('LTI')

The objective of the LTI plan is to reward senior managers in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such, LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Group's performance against relevant long term performance hurdles. LTI grants to executives are delivered in the form of options or shares.

Sequoia Employee Incentive Plan ('SEIP')

On 1 February 2017, the Company established an employee equity scheme, called the Sequoia Employee Incentive Plan to offer options and performance rights to certain employees employed in the Company.

(f) Use of remuneration consultants

During the financial year ended 30 June 2021, the Group did not engage remuneration consultants, to review its existing remuneration policies and provide recommendations.

(g) Voting and comments made at the Company's 2020 Annual General Meeting ('AGM')

At the 19 November 2020 AGM, 100% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

(h) Details of key management personnel remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

	Short-term benefits				Post-employment benefits	Share-based payments	
2021	**Cash salary and fees $**	**Cash bonus $**	**Directors' fees $**	**Movement in leave entitlements $**	**Super-annuation $**	**Options $**	**Total $**
Non-Executive Directors:							
J Larsen	89,709	-	-	-	8,522	47,769	146,000
K Pattison	-	-	63,967	-	-	23,884	87,851
C Sweeney	-	-	64,167	-	-	23,884	88,051
Managing Director:							
G Crole*	378,247	60,000	-	25,014	21,694	47,769	532,724
Other Key Management Personnel:							
L Tan	219,178	40,000	-	14,910	20,822	35,885	330,795
	687,134	100,000	128,134	39,924	51,038	179,191	1,185,421

* Cash salary and fees include expense payment of $4,547.

	Short-term benefits				Post-employment benefits	Share-based payments	
2020	**Cash salary and fees $**	**Cash bonus $**	**Directors' fees $**	**Movement in leave entitlements $**	**Super-annuation $**	**Options $**	**Total $**
Non-Executive Directors:							
J Larsen	73,059	-	-	-	6,941	-	80,000
K Pattison	-	-	55,000	-	-	-	55,000
C Sweeney	-	-	55,000	-	-	-	55,000
Managing Director:							
G Crole*	340,558	50,000	-	31,726	21,003	-	443,287
Other Key Management Personnel:							
L Tan**	30,942	5,769	-	3,952	2,939	-	43,602
	444,559	55,769	110,000	35,678	30,883	-	676,889

* Cash salary and fees include expense payment of $792.

** Remuneration from date of appointment 23 April 2020 to 30 June 2020.

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2021	2020	2021	2020	2021	2020
Non-Executive Directors:						
J Larsen	67%	100%	-	-	33%	-
K Pattison	73%	100%	-	-	27%	-
C Sweeney	73%	100%	-	-	27%	-
Managing Director:						
G Crole	80%	89%	11%	11%	9%	-
Other Key Management Personnel:						
L Tan	77%	87%	12%	13%	11%	-

(i) Service agreements

Where contracts have been established, employment terms and conditions of key management personnel and Group executives are formalised in standard contracts of employment. All contracts are for no fixed term with one to three months' notice required for termination by either party.

(j) Share-based compensation

Issue of shares, options and performance rights

During the year, options were granted to the directors and other key management personnel of the Company as part of their compensation. The number of options over ordinary shares in the Company held during the financial year by each director and the other member of the key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
G Crole	-	1,000,000	-	-	1,000,000
J Larsen	-	1,000,000	-	-	1,000,000
K Pattison	-	500,000	-	-	500,000
C Sweeney	-	500,000	-	-	500,000
L Tan	-	500,000	-	-	500,000
	-	3,500,000	-	-	3,500,000

(k) Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
G Crole*	11,747,286	-	244,687	-	11,991,973
J Larsen*	1,551,549	-	32,771	-	1,584,320
K Pattison	542,166	-	-	-	542,166
C Sweeney*	300,000	-	6,336	-	306,336
L Tan*	52,500	-	469	-	52,969
	14,193,501	-	284,263	-	14,477,764

* Shares acquired via on-market trade or dividend re-investment plan.

Transactions with key management personnel and their related parties

During the financial year, $71,726 was paid or payable for services provided by Cooper Grace Ward, a related party entity of director, Charles Sweeney.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Sequoia Financial Group Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
19 November 2020 Type 1	30 June 2022	$0.360	1,500,000
19 November 2020 Type 2	30 June 2024	$0.450	1,500,000
18 January 2021 Type 1	30 June 2022	$0.360	650,000
18 January 2021 Type 2	30 June 2024	$0.450	500,000
			4,150,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

SHARES UNDER PERFORMANCE RIGHTS

There were no unissued ordinary shares of Sequoia Financial Group Limited under performance rights outstanding at the date of this report.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Sequoia Financial Group Limited were issued during the year ended 30 June 2021 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
16 March 2021	$0.300	1,000,000

SHARES ISSUED ON THE EXERCISE OF PERFORMANCE RIGHTS

The following ordinary shares of Sequoia Financial Group Limited were issued during the year ended 30 June 2021 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Share price as at date of exercise	Number of shares issued
9 July 2020	$0.270	97,500
19 July 2021	$0.620	97,500
		195,000

INDEMNITY AND INSURANCE OF OFFICERS

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

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

INDEMNITY AND INSURANCE OF AUDITOR

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

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 26 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 26 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

John Larsen
Chairman

19 August 2021
Melbourne

William Buck

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF SEQUOIA FINANCIAL GROUP LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2021 there have been:

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

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

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director

Melbourne, 19 August 2021

ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

	Note	Consolidated 2021 $	Consolidated 2020 $
Revenue	5	116,462,659	84,498,650
Expenses			
Data fees		(1,648,306)	(1,643,769)
Dealing and settlement		(17,848,953)	(10,834,498)
Commission and hedging		(63,076,085)	(50,151,379)
Employee benefits	6	(14,973,184)	(11,573,780)
Occupancy		(289,670)	(316,390)
Telecommunications		(1,665,917)	(1,408,483)
Marketing		(304,714)	(331,463)
General and administrative		(5,139,272)	(3,408,769)
Operating profit		11,516,558	4,830,119
Interest revenue calculated using the effective interest method		15,631	109,837
Share of profits of joint venture accounted for using the equity method		26,246	-
Restructure costs	6	(67,738)	-
Non-operating other income		63,626	-
Depreciation and amortisation	6	(2,879,357)	(1,817,127)
Acquisition costs		(316,339)	(74,648)
Finance costs	6	(230,836)	(166,944)
Profit before income tax expense		8,127,791	2,881,237
Income tax expense	7	(2,579,529)	(948,763)
Profit after income tax expense for the year attributable to the owners of Sequoia Financial Group Limited		5,548,262	1,932,474
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain/(loss) on the revaluation of financial assets at fair value through other comprehensive income, net of tax		93,889	(35,801)
Other comprehensive income for the year, net of tax		93,889	(35,801)
Total comprehensive income for the year attributable to the owners of Sequoia Financial Group Limited		5,642,151	1,896,673

	Note	Cents	Cents
Basic earnings per share	33	4.324	1.607
Diluted earnings per share	33	4.188	1.591

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents		34,643,167	22,961,750
Trade and other receivables	8	32,858,840	12,250,064
Contract assets and deferred costs	9	7,797,637	8,989,093
Inventories		37,259	6,875
Other current financial assets	10	1,797,447	443,759
Derivative financial instruments	11	9,202,491	2,928,246
Deposits		-	455,854
Prepayments		881,331	877,740
Total current assets		87,218,172	48,913,381
Non-current assets			
Contract assets and deferred costs	9	3,316,919	5,820,757
Investments accounted for using the equity method		51,246	-
Derivative financial instruments	11	13,074,689	9,695,887
Other non-current financial assets		62,322	110,546
Plant and equipment	12	1,534,735	1,712,799
Right-of-use assets	13	2,130,577	2,764,559
Intangibles	14	28,241,840	24,317,249
Deferred tax	7	6,056,870	7,267,653
Deposits		723,738	678,448
Total non-current assets		55,192,936	52,367,898
Total assets		142,411,108	101,281,279

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

	Note	Consolidated 2021 $	Consolidated 2020 $
Liabilities			
Current liabilities			
Trade and other payables	15	51,028,728	22,380,247
Contract liabilities and deferred revenue	16	10,602,740	12,637,235
Borrowings	17	317,253	662,414
Lease liabilities	18	785,499	682,415
Derivative financial instruments	11	9,202,491	2,928,246
Income tax payable		1,349,648	961,932
Employee benefits		1,453,637	727,467
Contingent consideration	19	1,400,000	957,701
Total current liabilities		76,139,996	41,937,657
Non-current liabilities			
Contract liabilities and deferred revenue	16	4,205,041	7,977,273
Lease liabilities	18	2,193,839	2,949,872
Derivative financial instruments	11	13,074,689	9,695,887
Deferred tax	7	3,967,939	4,903,818
Employee benefits		288,687	98,840
Contingent consideration	19	479,350	479,350
Client trading and security bond		944,108	-
Total non-current liabilities		25,153,653	26,105,040
Total liabilities		101,293,649	68,042,697
Net assets		41,117,459	33,238,582
Equity			
Issued capital	20	51,524,175	48,497,215
Reserves	21	765,224	434,571
Accumulated losses		(11,171,940)	(15,693,204)
Total equity		41,117,459	33,238,582

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

Consolidated	Issued capital $	Financial assets at fair value reserve $	Share-based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2019	48,025,034	430,308	149,400	(17,625,678)	30,979,064
Profit after income tax expense for the year	-	-	-	1,932,474	1,932,474
Other comprehensive income for the year, net of tax	-	(35,801)	-	-	(35,801)
Total comprehensive income for the year	-	(35,801)	-	1,932,474	1,896,673
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 20)	472,181	-	-	-	472,181
Vesting of share-based payments	-	-	(38,025)	-	(38,025)
Share-based payments forfeited	-	-	(71,311)	-	(71,311)
Balance at 30 June 2020	48,497,215	394,507	40,064	(15,693,204)	33,238,582

Consolidated	Issued capital $	Financial assets at fair value reserve $	Share-based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2020	48,497,215	394,507	40,064	(15,693,204)	33,238,582
Profit after income tax expense for the year	-	-	-	5,548,262	5,548,262
Other comprehensive income for the year, net of tax	-	93,889	-	-	93,889
Total comprehensive income for the year	-	93,889	-	5,548,262	5,642,151
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 20)	3,000,635	-	-	-	3,000,635
Vesting of share-based payments	26,325	-	236,764	-	263,089
Dividends paid (note 22)	-	-	-	(1,026,998)	(1,026,998)
Balance at 30 June 2021	51,524,175	488,396	276,828	(11,171,940)	41,117,459

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

	Note	Consolidated 2021 $	Consolidated 2020 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		118,961,645	83,180,817
Payments to suppliers and employees (inclusive of GST)		(108,043,943)	(80,852,728)
Net cash from client related operations		7,986,328	7,234,413
		18,904,030	9,562,502
Interest received		15,631	109,837
Interest and other finance costs paid		(104,276)	(166,944)
Income taxes paid		(2,088,199)	(1,509,427)
Net cash from operating activities	32	16,727,186	7,995,968
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	30	(366,963)	(1,031,350)
Payments for investments		(983,447)	(70,546)
Payments for plant and equipment	12	(347,939)	(546,893)
Payments for asset acquisitions		(2,351,060)	(855,950)
Proceeds from disposal of investments		621,787	89,649
Proceeds of distribution from investment		15,000	-
Net cash used in investing activities		(3,412,622)	(2,415,090)
Cash flows from financing activities			
Proceeds from exercise of options		300,000	-
Repayment of borrowings		(345,161)	(860,469)
Repayment of lease liabilities		(863,837)	(610,688)
Dividends paid	22	(724,149)	-
Net cash used in financing activities		(1,633,147)	(1,471,157)
Net increase in cash and cash equivalents		11,681,417	4,109,721
Cash and cash equivalents at the beginning of the financial year		22,961,750	18,852,029
Cash and cash equivalents at the end of the financial year		34,643,167	22,961,750

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

	Consolidated	
	2021 $	2020 $
Cash and cash equivalents		
Cash at bank*	13,692,472	12,490,845
Client funds**	20,950,695	10,470,905
	34,643,167	22,961,750

* The Group holds cash reserves which are required to meet its broker licensing conditions. The conditions of the license, amongst other requirements, mandate that its wholly owned subsidiary, Morrison Securities, must maintain at all times core capital greater than $7,500,000 (30 June 2020: $7,500,000), where at least 90% of this core capital is cash at bank.

** Client funds are not available for general use by the Group.

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

NOTE 1. GENERAL INFORMATION

The financial statements cover Sequoia Financial Group Limited as a Group consisting of Sequoia Financial Group Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the year (referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is Sequoia Financial Group Limited's functional and presentation currency.

Sequoia Financial Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
Level 7	Level 8
7 Macquarie Place	525 Flinders Street
Sydney NSW 2000	Melbourne VIC 3000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 19 August 2021. The directors have the power to amend and reissue the financial statements.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets at fair value through other comprehensive income, financial assets and liabilities at fair value through profit or loss and derivative financial instruments.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sequoia Financial Group Limited as at 30 June 2021 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those 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.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Timing of revenue recognition

Sequoia Equity Markets Group: A business in this Group offers structured products to investors seeking exposure to investment opportunities. Management determined after lengthy evaluation that there are different types of structured product revenue. Each revenue type has numerous and distinct performance obligations, which allows for a different treatment to each of these revenue streams.

The different revenue streams include:

- application fee revenue is recognised up-front (upon execution of delivery of product to the customer) and is non-refundable;
- structured product revenue is released over the duration of the contract as it is earned over a period of time (duration of the contract); and
- coupon premium revenue is earned upon completion of the contract, as it is earned upon concluding the contract (conclusion of contract).

The costs of entering into the contract with wholesale counter parties are matched to the revenue streams.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other revenue from client services

Revenues from other services, including brokerage, financial planning, superannuation and corporate advisory services are performed as they are rendered to the customer, net of any commissions. For brokerage, this occurs upon the date of settlement of clearing the underlying transaction on behalf of the client. For corporate advisory income relating to a transaction, this occurs upon the execution of the transaction. Where corporate advisory services relate to fees earned under a retainer agreement, revenue is accrued pro-rata according to the servicing of that retainer.

Government grants

Government grants claimed during the COVID pandemic were reported as received and deducted from employee benefit expenses. Refer to note 6 for further information.

Contract assets and contract liabilities

Contract assets relate to contract costs and contract liabilities relate primarily to structured product revenues. The contract assets represent costs deferred and contract liabilities represent revenue deferred due to recognition requirements where the revenue and cost are spread over the product life.

Income tax

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

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

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current and non-current classification

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

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

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

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

Cash and cash equivalents

Cash and cash equivalents include 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.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation, based upon the maturity date set in the underlying derivative agreement.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Distributions received from joint venture entities reduce the carrying amount of the investment.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	Over the term of the lease
Plant and equipment	3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

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

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

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

Customer list

Customer lists are amortised on a straight-line basis over their finite life. The finite life is the period of expected benefit, which ranges from 5 to 20 years depending on factors such as, their significance to the Group, acquisition consideration and estimated customer turnover.

Regulatory memberships and licences

Costs in relation to regulatory memberships and licences are capitalised as an asset. These costs are not subsequently amortised but reviewed annually for impairment. Management considers regulatory memberships and licences to have indefinite useful lives because the potential to generate cash flows is unlimited.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Issued capital

Ordinary shares are classified as equity.

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

Dividends

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

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Sequoia Financial Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Business combination versus asset acquisition

During the financial year, the Directors evaluated each purchase and determined that the purchase of PantherCorp CST Pty Ltd met the criteria of a business combination (refer to note 30), while the purchases of the Yellow Brick Road Wealth Division, Phillip Capital and Total Cover Australia did not.

Goodwill

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

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

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Other significant estimates

Other significant estimates include fair value assessment of derivatives and investments. Refer to note 2, Fair value measurement section, and note 24.

NOTE 4. OPERATING SEGMENTS

Identification of reportable operating segments

The Group is organised into five operating segments, which are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The information reported to the CODM is on a monthly basis. The CODM reviews operating profit, which is earnings before interest, taxation, depreciation and amortisation adjusted for impairment (adjusted 'EBITDA').

Types of products and services

The principal products and services of each of these operating segments are as follows:

Sequoia Wealth Group	The Wealth division is the core driver of the company business thematic. The Wealth Group is the area of the business where we provide licensee services to Financial Planners, Wealth Managers, Equity advisers and a Corporate advisory business unit. We specialise in providing the adviser market a full service licensing and support service so they need can operate as an adviser in a market that is heavily legislated. Our role is to charge a fee for service and assist with a range of value propositions including compliance, marketing, coaching, education, research, and technical support. The advisers are primarily accountants, financial planners, mortgage brokers, insurance advisers, equity market advisers and investment professionals with their AFS licensing, merger and acquisitions corporate advice.
Sequoia Professional Services Group	The Professional Services Group provides services to our own licensed advisers as well as other licensee holders and the industry. This includes the provision of SMSF solutions, general insurance broking and legal document establishment services to Financial Planners, Stock Brokers, Mortgage Brokers and Accountants Australia wide. This division currently has relationships and provides one of its services to in excess of 3,000 accountants and financial planners across Australia.
Sequoia Equity Markets Group	Sequoia Equity Markets Group provides services to our own licensed advisers as well as other licensee holders their advisers, self directed investors, superannuation funds. The companies fully owned subsidiary Morrison Securities delivers white label Australian Stockbroking and Specialised Investment solutions to third party institutional and adviser networks that operate their own AFSL.
Sequoia Direct Investment Group	Sequoia Direct Investment Group provides general advice to self directed investors who elect not to have a personal adviser and wish to undertake their own portfolio management, SMSF management share trading, superannuation, and select their own products and insurance. In addition this division provides market data, robo advice and trading tools via various mediums including an independent news organisation specialising in finance and business news updates, events and investor communication for ASX listed companies.
Head Office	Head Office relates to the corporate running costs of the Group.

All products and services are provided predominantly to customers in Australia.

NOTE 4. OPERATING SEGMENTS (CONTINUED)

Intersegment transactions

Intersegment transactions were made at cost. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Consolidated - 2021	Sequoia Wealth Group $	Sequoia Professional Services Group $	Sequoia Equity Markets Group $	Sequoia Direct Investment Group $	Head Office $	Total $
Revenue						
Revenue	54,493,541	7,060,988	52,279,912	1,856,073	(48,595)	115,641,920
Gains on portfolio investments	804,501	-	16,239	-	-	820,739
Total revenue	55,298,042	7,060,988	52,296,151	1,856,073	(48,595)	116,462,659
Adjusted EBITDA	6,123,786	2,106,165	5,898,463	594,460	(3,206,314)	11,516,560
Depreciation and amortisation						(2,879,359)
Acquisition costs						(316,339)
Interest revenue						15,631
Finance costs						(230,836)
Restructure costs						(67,738)
Share of profits of joint venture accounted for using the equity method						26,246
Non-operating other income						63,626
Profit before income tax expense						8,127,791
Income tax expense						(2,579,529)
Profit after income tax expense						5,548,262

NOTE 4. OPERATING SEGMENTS (CONTINUED)

Consolidated - 2020	Sequoia Wealth Group $	Sequoia Professional Services Group $	Sequoia Equity Markets Group $	Sequoia Direct Investment Group $	Head Office $	Total $
Revenue						
Revenue	40,661,203	4,668,453	36,994,395	2,224,429	56,575	84,605,055
Losses on portfolio investments	(96,586)	-	(9,819)	-	-	(106,405)
Total revenue	40,564,617	4,668,453	36,984,576	2,224,429	56,575	84,498,650
Adjusted EBITDA	2,927,624	1,540,968	3,618,514	314,727	(3,576,132)	4,825,701
Depreciation and amortisation						(1,812,709)
Acquisition costs						(74,648)
Interest revenue						109,837
Finance costs						(166,944)
Profit before income tax expense						2,881,237
Income tax expense						(948,763)
Profit after income tax expense						1,932,474

NOTE 5. REVENUE

	Consolidated	
	2021 $	2020 $
Sales revenue		
Data subscriptions fees	529,247	712,453
Brokerage and commissions revenue	73,803,588	52,914,957
Superannuation product revenue	2,306,465	2,414,279
Structured product revenue	27,902,934	22,944,283
Corporate advisory fees	8,087,523	2,980,337
Media revenue	830,834	1,086,477
Leasing	-	620
Other income	2,181,329	1,551,649
	115,641,920	84,605,055
Other revenue		
Gains/(losses) on portfolio investments	820,739	(106,405)
Revenue	116,462,659	84,498,650

Other income includes revenue from settlement and general services.

NOTE 5. REVENUE (CONTINUED)

Disaggregation of revenue

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

Consolidated - 2021	Sequoia Wealth Group $	Sequoia Professional Services Group $	Sequoia Equity Markets Group $	Sequoia Direct Investment Group $	Head Office $	Total $
Timing of revenue recognition						
Services transferred at a point in time	55,298,042	7,060,988	24,393,217	623,334	(48,595)	87,326,986
Services transferred over time	-	-	27,902,934	1,232,739	-	29,135,673
	55,298,042	7,060,988	52,296,151	1,856,073	(48,595)	116,462,659

Consolidated - 2020	Sequoia Wealth Group $	Sequoia Professional Services Group $	Sequoia Equity Markets Group $	Sequoia Direct Investment Group $	Head Office $	Total $
Timing of revenue recognition						
Services transferred at a point in time	40,564,617	4,668,453	13,991,179	588,295	56,575	59,869,119
Services transferred over time	-	-	22,993,397	1,636,134	-	24,629,531
	40,564,617	4,668,453	36,984,576	2,224,429	56,575	84,498,650

NOTE 6. EXPENSES

	Consolidated 2021 $	Consolidated 2020 $
Profit before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	108,257	109,963
Plant and equipment	450,675	378,191
Land and buildings - right-of-use assets	712,720	660,229
Total depreciation	1,271,652	1,148,383
Amortisation		
Customer list	1,441,875	473,960
Regulatory memberships and licences	4,418	4,418
Other intangibles	161,412	190,366
Total amortisation	1,607,705	668,744
Total depreciation and amortisation	2,879,357	1,817,127
Finance costs		
Interest and finance charges paid/payable on borrowings	104,276	15,887
Interest and finance charges paid/payable on lease liabilities	126,560	151,057
Finance costs expensed	230,836	166,944
Leases		
Short-term lease payments	-	268,472
Employee benefits		
Wages and salaries	9,162,489	7,574,999
Government COVID grants	(319,500)	(93,030)
Redundancies and terminations	87,715	296,646
Share-based payments	290,764	(71,311)
Commissions and discretionary bonus	2,415,598	1,060,434
Defined contribution superannuation expense	992,253	771,598
Other employment costs	2,411,603	2,034,444
Total employee benefits	15,040,922	11,573,780

NOTE 7. INCOME TAX

	Consolidated 2021 $	Consolidated 2020 $
Income tax expense		
Current tax	2,497,508	961,429
Deferred tax - origination and reversal of temporary differences	103,111	236,470
Adjustment recognised for prior periods	(21,090)	(249,136)
Aggregate income tax expense	2,579,529	948,763
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets	1,292,553	507,361
Decrease in deferred tax liabilities	(1,189,442)	(270,891)
Deferred tax - origination and reversal of temporary differences	103,111	236,470
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	8,127,791	2,881,237
Tax at the statutory tax rate of 30%	2,438,337	864,371
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	318,591	143,513
Net research and development credit	(140,194)	(177,200)
Sundry items	(16,115)	367,215
	2,600,619	1,197,899
Adjustment recognised for prior periods	(21,090)	(249,136)
Income tax expense	2,579,529	948,763

NOTE 7. INCOME TAX (CONTINUED)

	Consolidated 2021 $	Consolidated 2020 $
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Allowance for expected credit losses	6,075	17,100
Employee benefits	565,526	267,620
Accrued expenses	673,449	238,404
Deferred income	4,442,334	6,183,158
Net fair value loss on investment	41,037	166,646
Deferred tax assets attributable to business combinations	-	151,687
Lease incentives	328,449	243,038
Deferred tax asset	6,056,870	7,267,653
Movements:		
Opening balance	7,267,653	7,775,014
Charged to profit or loss	(1,292,553)	(507,361)
Additions through business combinations (note 30)	79,239	-
Reclass	2,531	-
Closing balance	6,056,870	7,267,653

	Consolidated 2021 $	Consolidated 2020 $
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Financial assets at fair value through other comprehensive income	224,731	214,552
Deferred expenses	3,361,666	4,442,955
Intangibles	381,542	246,311
Deferred tax liability	3,967,939	4,903,818
Movements:		
Opening balance	4,903,818	4,928,398
Credited to profit or loss	(1,189,442)	(270,891)
Additions through business combinations (note 30)	250,528	246,311
Reclass	3,035	-
Closing balance	3,967,939	4,903,818

NOTE 8. TRADE AND OTHER RECEIVABLES

	Consolidated 2021 $	Consolidated 2020 $
Current assets		
Trade receivables	1,169,486	808,305
Less: Allowance for expected credit losses	(20,250)	(57,000)
	1,149,236	751,305
Other receivables*	31,709,604	11,498,759
	32,858,840	12,250,064

* Includes trade settlement receivable for Morrison Securities Pty Ltd of $29,800,778 in 2021 (30 June 2020: $9,428,581). The remaining balance relates to commissions receivable.

Allowance for expected credit losses

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate 2021 %	Expected credit loss rate 2020 %	Carrying amount 2021 $	Carrying amount 2020 $	Allowance for expected credit losses 2021 $	Allowance for expected credit losses 2020 $
Not overdue	-	-	32,615,802	11,498,759	-	-
1 to 30 days overdue	-	-	66,753	450,687	-	-
31 to 60 days overdue	-	-	106,013	75,139	-	-
Over 60 days overdue	22.37%	20.18%	90,522	282,479	20,250	57,000
			32,879,090	12,307,064	20,250	57,000

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

	Consolidated 2021 $	Consolidated 2020 $
Opening balance	57,000	210,510
Additional provisions recognised	30,191	57,000
Receivables written off during the year	(28,366)	(199,810)
Unused amounts reversed	(38,575)	(10,700)
Closing balance	20,250	57,000

NOTE 9. CONTRACT ASSETS AND DEFERRED COSTS

	Consolidated	
	2021 $	2020 $
Current assets		
Contract assets - deferred costs	7,797,637	8,989,093
Non-current assets		
Contract assets - deferred costs	3,316,919	5,820,757

Contract assets – deferred costs relate to the costs of revenue contracts for structured products. These costs (and associated revenues) are amortised over the life of the contract.

Changes in contract assets and liabilities reflect both:

(a) the release of deferred revenues and costs to the profit and loss through the performance of a contract; and

(b) new receipts and prepayments for contracts that are yet to be performed.

NOTE 10. OTHER CURRENT FINANCIAL ASSETS

	Consolidated	
	2021 $	2020 $
Current assets		
Investment in shares	1,797,447	443,759
Reconciliation		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	443,759	675,614
Net additions	390,816	-
Net disposals	-	(21,267)
Revaluation taken to profit or loss	820,739	(106,405)
Revaluation recognised in other comprehensive income	93,889	(104,183)
Reclassified from non-current financial assets	48,244	-
Closing fair value	1,797,447	443,759

Refer to note 24 for further information on fair value measurement.

Ordinary shares are held in ASX listed companies and are actively traded.

NOTE 11. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated	
	2021 $	2020 $
Current assets		
Derivatives - financial assets	9,202,491	2,928,246
Current assets		
Derivatives - financial assets	13,074,689	9,695,887
Current liabilities		
Derivatives - financial liabilities	(9,202,491)	(2,928,246)
Non-current liabilities		
Derivatives - financial liabilities	(13,074,689)	(9,695,887)

Refer to note 23 for further information on financial instruments.

Refer to note 24 for further information on fair value measurement.

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in the value of its investment products issued to the Group's investors in accordance with the Group's financial risk management policies (refer to note 23).

The Group offers its clients investment products structured legally as loans, which provide clients a derivative exposure to underlying market movements to those products. These exact market risks are in-turn hedged with exact like-for-like products offered by commercial institutions, leaving the Group with no exposure to the underlying market risks.

Information about the Group's exposure to market risk, liquidity risk, and credit risk is disclosed in note 23. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial assets outlined above.

Sequoia has an obligation to its clients to pay the value of the investment at expiry. The current asset amount and the non-current asset amount equals that of the investment obligation described as a current liability and a non-current liability. The carrying amount equals the amount of the investment obligation. The rise or fall offset each other.

NOTE 12. PLANT AND EQUIPMENT

	Consolidated	
	2021 $	2020 $
Non-current assets		
Leasehold improvements - at cost	921,060	921,060
Less: Accumulated depreciation	(555,135)	(449,250)
	365,925	471,810
Plant and equipment - at cost	5,561,044	5,264,550
Less: Accumulated depreciation	(4,392,234)	(4,023,561)
	1,168,810	1,240,989
	1,534,735	1,712,799

NOTE 12. PLANT AND EQUIPMENT (CONTINUED)

Reconciliations

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

Consolidated	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2019	581,773	1,072,287	1,654,060
Additions	-	546,893	546,893
Depreciation expense	(109,963)	(378,191)	(488,154)
Balance at 30 June 2020	471,810	1,240,989	1,712,799
Additions	2,372	356,565	358,937
Additions through business combinations (note 30)	-	21,931	21,931
Depreciation expense	(108,257)	(450,675)	(558,932)
Balance at 30 June 2021	365,925	1,168,810	1,534,735

NOTE 13. RIGHT-OF-USE ASSETS

	Consolidated	
	2021 $	2020 $
Non-current assets		
Buildings - right-of-use	4,478,783	3,424,788
Less: Accumulated depreciation	(2,348,206)	(660,229)
	2,130,577	2,764,559

The Group leases buildings for its offices under agreements of between three to seven years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

NOTE 13. RIGHT-OF-USE ASSETS (CONTINUED)

Reconciliations

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

Consolidated	Buildings - right-of-use $
Balance at 1 July 2019	-
Recognised on adoption of AASB 16 (note 2)	3,424,788
Depreciation expense	(660,229)
Balance at 30 June 2020	2,764,559
Additions through business combinations (note 30)	78,738
Depreciation expense	(712,720)
Balance at 30 June 2021	2,130,577

For other lease related disclosures refer to the following:

- note 6 for details of depreciation on right-of-use assets, interest on lease liabilities and other lease payments;
- note 18 for lease liabilities and maturities of lease liabilities; and
- consolidated statement of cash flow for repayment of lease liabilities.

NOTE 14. INTANGIBLES

	Consolidated	
	2021 $	2020 $
Non-current assets		
Goodwill	12,192,932	11,842,072
Less: Impairment	(1,019,547)	(1,019,547)
	11,173,385	10,822,525
Customer list - at cost	13,425,614	8,896,030
Less: Accumulated amortisation	(2,306,857)	(896,433)
	11,118,757	7,999,597
Regulatory memberships and licences - at cost	3,836,285	3,840,703
Brand name - at cost	1,821,233	1,200,832
Other intangibles - at cost	779,059	779,059
Less: Accumulated amortisation	(486,879)	(325,467)
	292,180	453,592
	28,241,840	24,317,249

NOTE 14. INTANGIBLES (CONTINUED)

Reconciliations

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

Consolidated	Goodwill $	Customer list $	Regulatory memberships and licences $	Brand name $	Other intangibles $	Total $
Balance at 1 July 2019	10,773,876	5,364,398	3,845,121	-	638,077	20,621,472
Additions	-	2,288,120	-	-	5,881	2,294,001
Additions through business combinations	841,255	821,039	-	1,200,832	-	2,863,126
Impairment from adjustment to deferred consideration	(488,715)	-	-	-	-	(488,715)
Impairment of assets	(303,891)	-	-	-	-	(303,891)
Amortisation expense	-	(473,960)	(4,418)	-	(190,366)	(668,744)
Balance at 30 June 2020	10,822,525	7,999,597	3,840,703	1,200,832	453,592	24,317,249
Additions	-	3,731,491	-	-	-	3,731,491
Additions through business combinations (note 30)	350,860	835,093	-	620,401	-	1,806,354
Disposals	-	(5,549)	-	-	-	(5,549)
Amortisation expense	-	(1,441,875)	(4,418)	-	(161,412)	(1,607,705)
Balance at 30 June 2021	11,173,385	11,118,757	3,836,285	1,821,233	292,180	28,241,840

Impairment testing

Goodwill acquired through business combinations has been allocated to the following cash generating units:

	Consolidated 2021 $	Consolidated 2020 $
Cash generating units ('CGUs'):		
Sequoia Wealth Group	1,023,335	1,023,335
Sequoia Professional Services Group	4,736,880	4,386,020
Sequoia Equity Markets Group	4,862,392	4,862,392
Sequoia Direct Investment Group	550,778	550,778
	11,173,385	10,822,525

The recoverable amount of the Group's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 12-month projection period approved by management and extrapolated for a further 4 years by using key assumptions.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

NOTE 14. INTANGIBLES (CONTINUED)

The following key assumptions were used in the discounted cash flow model in relation to the goodwill associated to various cash generating units:

Key assumptions	Revenue growth rate %	Cost of sales growth rate %	Pre-tax discount rate %
Sequoia Wealth Group	3.0%	2.5%	15.0%
Sequoia Professional Services Group	3.0%	2.5%	15.0%
Sequoia Equity Markets Group	3.0%	2.5%	15.0%
Sequoia Direct Investment Group	1.0%	2.5%	15.0%

The goodwill is considered to be sensitive to these assumptions and is carried in the statement of financial position at a written-down value.

Sensitivity

The directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

(a) Revenue growth would need to decrease by 1.0% before goodwill would need to be impaired, with all other assumptions remaining constant.

(b) The discount rate would be required to increase by 15.0% before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment charge for goodwill.

NOTE 15. TRADE AND OTHER PAYABLES

	Consolidated	
	2021 $	2020 $
Current liabilities		
Trade payables*	44,962,720	16,406,623
Deferred consideration**	-	800,100
Accrued expenses	4,999,217	4,247,240
Client trading and security bond	-	819,108
Other payables	1,066,791	107,176
	51,028,728	22,380,247

* Includes Trade settlement payables for Morrison Securities Pty Ltd of $44,074,390 in 2021 (30 June 2020: $15,715,866).

** The Deferred consideration relates to the acquisition of Libertas Financial Planning Pty Ltd.

Refer to note 23 for further information on financial instruments.

NOTE 16. CONTRACT LIABILITIES AND DEFERRED REVENUE

	Consolidated	
	2021 $	2020 $
Current liabilities		
Contract liabilities - deferred revenue	10,602,740	12,637,235
Non-current liabilities		
Contract liabilities - deferred revenue	4,205,041	7,977,273

Contract liabilities - deferred revenue relate primarily to structured product revenues. The revenue is deferred due to recognition requirements where the revenue and cost are spread over the product life.

Changes in contract assets and liabilities reflect both:

(a) the release of deferred revenues and costs to the profit and loss through the performance of a contract; and

(b) new receipts and prepayments for contracts that are yet to be performed.

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $14,807,780 as at 30 June 2021 ($20,614,509 as at 30 June 2020) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2021 $	2020 $
1 year or less	10,602,740	12,637,235
Between 1 and 2 years	3,929,131	6,635,191
Between 2 and 3 years	275,909	1,154,242
Between 3 and 4 years	-	187,841
	14,807,780	20,614,509

Revenue recognition is calculated on the product term remaining up to the maturity date.

NOTE 17. BORROWINGS

	Consolidated	
	2021 $	2020 $
Current liabilities		
Other unsecured loans	317,253	462,414
Convertible notes payable	-	200,000
	317,253	662,414

Refer to note 23 for further information on financial instruments.

NOTE 17. BORROWINGS (CONTINUED)

Other unsecured loans
Other unsecured loans relates to funding for Professional Indemnity Insurance Premium.

Convertible notes payable
As at 30 June 2021, there were no convertible notes payable (30 June 2020: $200,000).

NOTE 18. LEASE LIABILITIES

	Consolidated	
	2021 $	2020 $
Current liabilities		
Lease liability	785,499	682,415
Non-current liabilities		
Lease liability	2,193,839	2,949,872

The following table details the Group's remaining contractual maturity for its lease liabilities:

	1 year or less $	Between 1 and 2 years $	Between 2 and 3 years $	Between 3 and 4 years $	Between 4 and 5 years $	Over 5 years $	Remaining contractual maturities $
2021							
Lease liability	785,499	846,914	835,332	511,593	-	-	2,979,338
2020							
Lease liability	682,415	756,033	846,914	835,332	511,593	-	3,632,287

The cash flow in the maturity analysis above are present values of future payments and are not expected to occur significantly earlier than contractually disclosed.

NOTE 19. CONTINGENT CONSIDERATION

	Consolidated	
	2021 $	2020 $
Current liabilities		
Contingent consideration	1,400,000	957,701
Non-current liabilities		
Contingent consideration	479,350	479,350

Contingent considerations relate to future instalment payments for the acquisition of the Yellow Brick Road Wealth Division and various client books acquired during the year.

NOTE 20. ISSUED CAPITAL

	Consolidated			
	2021 Shares	2020 Shares	2021 $	2020 $
Ordinary shares - fully paid	131,507,805	121,216,770	51,524,175	48,497,215

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2019	119,009,824		48,025,034
Issue of shares on exercise of performance rights	24 July 2019	185,000	$0.165	30,525
Issue of shares on acquisition of Libertas Financial Planning Pty Ltd	9 December 2019	1,500,000	$0.220	330,000
Issue of shares as a deposit for an asset acquisition	27 December 2019	484,446	$0.215	104,156
Issue of shares on exercise of performance rights	5 February 2020	37,500	$0.200	7,500
Balance	30 June 2020	121,216,770		48,497,215
Issue of shares on exercise of performance rights	9 July 2020	97,500	$0.270	26,325
Issue of fully paid shares to executives as part of remuneration	9 July 2020	102,500	$0.270	27,675
Issue of shares on acquisition of Libertas Financial Planning	9 July 2020	3,810,000	$0.210	800,100
Issue of shares on acquisition of Total Cover Australia's customer base	6 August 2020	1,500,001	$0.220	330,000
Issue of shares on acquisition of YieldReport's assets	6 October 2020	100,000	$0.300	30,000
Issue of shares for dividend reinvestment plan FY20	13 October 2020	574,799	$0.331	190,322
Issue of shares on acquisition of Panthercorp CST Pty Ltd	1 February 2021	2,000,000	$0.400	800,000
Issue of shares as consideration under purchase of assets agreement with First Option Management Pty Ltd	1 February 2021	625,000	$0.480	300,000
Issue of shares for dividend reinvestment plan HY21	15 March 2021	261,235	$0.448	116,960
Issue of shares on exercise of options	23 April 2021	1,000,000	$0.300	300,000
Issue of shares as part consideration for purchase of assets agreement with InterPrac Securities Pty Ltd and SFG Financial Services Pty Ltd	21 May 2021	20,000	$0.500	10,000
Issue of shares on acquisition of FF Planning Solutions customer base	9 June 2021	200,000	$0.500	100,000
Share issue transaction costs				(4,422)
Balance	30 June 2021	131,507,805		51,524,175

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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

NOTE 20. ISSUED CAPITAL (CONTINUED)

Share buy-back

The Company conducted an on-market buy-back. It was announced on the market on 15 June 2020 and covered the period 1 July 2020 to 30 June 2021. No shares have been brought back under the buy-back.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group does not have any financing arrangement with covenants during the financial year.

Dividend Reinvestment Plan

The Company has an active Dividend Reinvestment Plan ('DRP'), which forms part of its capital management policy. Shareholders need to complete an Election Notice in order to participate. The Company has issued both an interim dividend and declared a final dividend, which are based on 97.5% of the arithmetic average of the daily volume weighted average market price of Sequoia's ordinary shares over a selected period. A variation notice is required to terminate the shareholders participation in the plan. Refer to note 22 for further information.

NOTE 21. RESERVES

	Consolidated	
	2021 $	2020 $
Financial assets at fair value through other comprehensive income reserve	488,396	394,507
Share-based payments reserve	276,828	40,064
	765,224	434,571

Financial assets at fair value through other comprehensive income reserve

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

NOTE 21. RESERVES (CONTINUED)

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

NOTE 22. DIVIDENDS

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2021 $	2020 $
Final dividend for the year ended 30 June 2020 of 0.40 cents per ordinary share*	506,901	-
Interim dividend for the year ended 30 June 2021 of 0.40 cents per ordinary share**	520,097	-
	1,026,998	-

* The dividend comprised of a cash dividend paid of $316,579 and dividend reinvestment allotment of $190,322.

** The interim dividend comprised of a cash dividend paid of $403,137 and dividend reinvestment allotment of $116,960.

All dividends are fully franked.

Dividends declared

On 19 August 2021, the Company declared a final dividend for the year ended 30 June 2021 of 0.60 cents per share, fully franked. The record date for determining entitlements to the dividend is 13 September 2021 and is to be paid on 11 October 2021. The financial effect of these dividends has not been brought to account in the financial statements for the year ended 30 June 2021 and will be recognised in subsequent financial periods.

Franking credits

	Consolidated	
	2021 $	2020 $
Franking credits available for subsequent financial years based on a tax rate of 30%	10,648,715	7,660,474

The above amounts represent the balance 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 at the reporting date
- 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

NOTE 23. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, derivative assets and liabilities, convertible notes and loans receivable and payable.

This note provides details of the Group's financial risk management objectives and policies and describes the methods used by management to control risk. In addition, this note includes a discussion of the extent to which financial instruments are used, the associated risks and the business purpose served.

One of the Group's main activities is to issue investments to its product holders which provide returns based on the performance of an underlying reference asset, typically a single index or a single listed equity. Different underlying reference assets, with varying features are issued in separate series. The series are exposed to securities listed on global or local exchanges. The products issued to the product holders have a maturity of between 18 months and 48 months from the date of issue. On maturity, if the investment has performed sufficiently, the product holder has the option to contribute in cash the notional value of the investment on issue date to receive a delivery asset (a liquid security on the ASX) equal to the value of the underlying reference asset or the value in cash of the financial liability. The Group enters into a financial instrument with an investment bank, which hedges each series that is offered to its product holders. The Group ensures that the notional exposure across all its products are covered via the arrangement, and as such mitigates its risk in this fashion.

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk.

The Board of Directors monitor and manage financial risk exposures of the Group. The Board of Directors monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to financing risk and interest rate risk.

	Consolidated	
	2021 $	2020 $
Financial assets		
Cash and cash equivalents	34,643,167	22,961,750
Trade and other receivables	32,879,090	12,327,654
Derivative assets	22,277,180	12,624,133
Other financial assets	1,859,769	554,305
Total financial assets	91,659,206	48,467,842
Financial liabilities		
Trade and other payables	51,028,728	22,380,247
Derivative liabilities	22,277,180	12,624,133
Lease liabilities	2,979,338	3,632,287
Contingent consideration	1,879,350	1,437,051
Convertible notes	-	200,000
Other unsecured loans	317,253	462,414
Total financial liabilities	78,481,849	40,736,132

NOTE 23. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group issues a structured product to the product holder that is hedged with the financial instrument that it purchases from an investment bank. The details of the financial instruments are such that the future cash flows from the financial assets offset the cash flows needed to settle the financial liabilities. The Group uses this arrangement to mitigate the market risks below, except for credit risk.

Price risk

Price risk arises from changes in underlying investments designated in the financial instruments held by the Group for which values in the future are uncertain.

The Group mitigates the above price risk by ensuring that price risk in the financial instruments is offset with one another. The difference in fair value between the financial asset and liability held through profit or loss is as a result of the premium associated with the financial liability arising from being issued in the retail market. The Group does not monitor the price risk associated with the premium, as price risk would only result if the Group were to transfer the liability, and since the Group has no intention of transferring the financial liability, no disclosures regarding the sensitivity to price risk have been made.

The Group is, therefore, not exposed to any significant price risk in relation to issued structured products.

The Group has an exposure to price risk on its listed and unlisted equity investments and, as at year end, a 20% increase or decrease in price would affect the shareholding value by approximately $368,000.

Interest rate risk

Interest rate risk is the risk that the value of the Group's financial instruments will fluctuate due to changes in market interest rates.

The Group's cash and cash equivalents are exposed to interest rate risk, however the Directors of the Group manage financial instruments to ensure that interest rate risk remains hedged and is therefore offsetting.

The Group is also exposed to interest rate risk arising from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

The Group is not exposed to any significant interest rate risk.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

NOTE 23. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board of Directors has otherwise cleared as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed by obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

The financial products issued by Sequoia Specialist Investments Pty Ltd ('Issuer') are secured obligations of the Issuer. Investors are granted a charge which is held on trust by the security trustee. If the Issuer fails to (i) make a payment or delivery on its due date; or (ii) meet any other obligation and in the Security Trustee's opinion, the failure is materially adverse to the investors and cannot be remedied (or has not been remedied within 5 business days of written notice), the Security Trustee may enforce the charge. In this case the investors are unsecured creditors of the provider of the hedge assets. Investors' rights of recourse against the Issuer on a default are limited to the assets subject to the charge. This structure has the effect of passing through the credit rating of the provider of the hedge asset and protecting different financial product series from cross-liability issues (other than on an insolvency of either the Issuer or the provider of the hedge asset). The Issuer will only deal with an investment-grade (or better) bank or a subsidiary of an investment-grade (or better) bank.

Investments grades are a rating or indicator of particular debt obligations which have a low risk of default. Various rating agencies rate an investment bank's creditworthiness. Different rating firms use different designations. Sequoia Specialist Investments Pty Ltd hedge providers are considered "investment grade" and the credit worthiness of our investment bank hedge contracts providers are between high credit quality ('AAA' and 'AA') and medium credit quality ('A' and 'BBB'). Therefore, the risk of default of the selected hedge providers are considered low. In addition, if the investment bank were to unexpectedly default the resulting financial risk would be ultimately borne by the end investor, due to the pass through of the credit risk of the hedge provider to the end investor.

The following tables detail the Group's potential exposure, should the counterparties be unable to meet their obligations:

2021	Fair value $	Notional value $
Derivative assets	22,277,180	325,617,928

2020	Fair value $	Notional value $
Derivative assets	12,624,133	333,502,357

NOTE 23. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

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

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

Remaining contractual maturities

The following tables detail the Group's maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

Consolidated - 2021	1 year or less $	Between 1 and 5 years $	Remaining contractual maturities $
Non-derivatives			
Non-interest bearing			
Trade payables	44,962,720	-	44,962,720
Other payables	1,066,791	-	1,066,791
Client trading and security bond	-	944,108	944,108
Contingent consideration	1,400,000	479,350	1,879,350
Interest-bearing - variable			
Other unsecured loans	317,253	-	317,253
Total non-derivatives	47,746,764	1,423,458	49,170,222
Derivatives			
Value hedges, net settled	9,202,491	13,074,689	22,277,180
Total derivatives	9,202,491	13,074,689	22,277,180

NOTE 23. FINANCIAL INSTRUMENTS (CONTINUED)

Consolidated - 2020	1 year or less $	Between 1 and 5 years $	Remaining contractual maturities $
Non-derivatives			
Non-interest bearing			
Trade payables	16,406,623	-	16,406,623
Other payables	107,176	-	107,176
Client trading and security bond	819,108	-	819,108
Contingent consideration	957,701	479,350	1,437,051
Interest-bearing - variable			
Other unsecured loans	462,414	-	462,414
Interest-bearing - fixed rate			
Convertible notes payable	200,000	-	200,000
Total non-derivatives	18,953,022	479,350	19,432,372
Derivatives			
Value hedges, net settled	2,928,246	9,695,887	12,624,133
Total derivatives	2,928,246	9,695,887	12,624,133

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

NOTE 24. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Listed ordinary shares	1,797,447	-	-	1,797,447
Unlisted ordinary shares	-	-	62,322	62,322
Derivative financial instruments	-	22,277,180	-	22,277,180
Total assets	1,797,447	22,277,180	62,322	24,136,949
Liabilities				
Derivative financial instruments	-	22,277,180	-	22,277,180
Contingent consideration	-	1,879,350	-	1,879,350
Total liabilities	-	24,156,530	-	24,156,530

Consolidated - 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Listed ordinary shares	443,759	-	-	443,759
Unlisted ordinary shares	-	-	110,546	110,546
Derivative financial instruments	-	12,624,133	-	12,624,133
Total assets	443,759	12,624,133	110,546	13,178,438
Liabilities				
Derivative financial instruments	-	12,624,133	-	12,624,133
Contingent consideration	-	1,437,051	-	1,437,051
Total liabilities	-	14,061,184	-	14,061,184

Convertible notes are held at amortised cost so are excluded from the fair value tables above.

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

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

NOTE 24. FAIR VALUE MEASUREMENT (CONTINUED)

Valuation techniques for fair value measurements categorised within level 2 and level 3

Financial instruments that are not traded in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Unquoted investments have been valued using prices evident in recent third party transactions.

The valuation process is managed by the Chief Operating Decision Makers ('CODM') of the Group who perform and validate valuations of non-property assets required for financial reporting purposes (including level 3 fair values). Discussion on valuation processes and outcomes are held between the CODM, CFO and audit committee every six months.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Unlisted ordinary shares $
Balance at 1 July 2019	40,000
Additions	70,546
Balance at 30 June 2020	110,546
Transfers out level 3	(48,244)
Additions	20
Balance at 30 June 2021	62,322

NOTE 25. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated 2021 $	Consolidated 2020 $
Short-term employee benefits	955,192	646,006
Post-employment benefits	51,038	30,883
Share-based payments	179,191	-
	1,185,421	676,889

Refer to the 'Remuneration report (audited)' section of the Directors' report.

NOTE 26. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the Company:

	Consolidated 2021 $	Consolidated 2020 $
Audit services - William Buck Audit (Vic) Pty Limited		
Audit or review of the financial statements	158,500	165,959
Other services - William Buck (Vic) Pty Limited		
Tax services	18,515	26,755
Other services	19,153	14,994
	37,668	41,749
	196,168	207,708

NOTE 27. CONTINGENT LIABILITIES

The Group has given a bank guarantee as at 30 June 2021 of $677,238 (30 June 2020: $677,238) in relation to rental bonds. These are held in term deposit accounts with Westpac Banking Corporation.

The Group's legal counsel is currently acting on several matters referred to the Australian Financial Complaints Authority ('AFCA') relating to the provision of financial services to its retail clients. The Group has assessed any potential obligations relating to these complaints after pursuing a recourse from the advisers in the following manner:

- Those complaints for which there is a probable likelihood of restitution being paid, have been accrued in these financial statements, together with any associated legal costs and net of any available insurance cover; and
- The Directors have assessed complaints for which there is less than a probable likelihood of restitution (including the impact of legal costs and insurance), and have chosen not to disclose the likely amount as they are still subject to proceedings with AFCA and potential recourse from the advisers, and the disclosure of such amounts is likely to prejudice those proceedings.

NOTE 28. RELATED PARTY TRANSACTIONS

Parent entity

Sequoia Financial Group Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 31.

Key management personnel

Disclosures relating to key management personnel are set out in note 25 and the remuneration report included in the directors' report.

NOTE 28. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with related parties

During the financial year, $71,726 (30 June 2020: $142,866) was paid or payable for services provided by Cooper Grace Ward, a related party entity of director, Charles Sweeney.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 29. PARENT ENTITY INFORMATION

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

Statement of profit or loss and other comprehensive income

	Parent	
	2021 $	2020 $
Profit/(loss) after income tax	(1,236,360)	378,203
Total comprehensive (loss)/income	(1,236,360)	378,203

Statement of financial position

	Parent	
	2021 $	2020 $
Total current assets	715,334	115,366
Total assets	75,740,720	63,154,128
Total current liabilities	2,991,480	3,201,009
Total liabilities	44,662,579	34,613,806
Equity		
Issued capital	87,457,293	84,430,344
Financial assets at fair value through other comprehensive income reserve	46,070	46,070
Share-based payments reserve	276,828	40,064
Accumulated losses	(56,702,050)	(55,976,156)
Total equity	31,078,141	28,540,322

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries.

Contingent liabilities

The parent entity has considerations payable relating to the acquisition of the Yellow Brick Road Wealth Division and various client books acquired during the year.

NOTE 29. PARENT ENTITY INFORMATION (CONTINUED)

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, in addition to the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and are eliminated at the Group level.

NOTE 30. BUSINESS COMBINATIONS

PantherCorp CST Pty Ltd

On 10 November 2020, the Company announced the 100% equity acquisition of PantherCorp CST Pty Ltd ('Panthercorp') from Easton Investments Ltd. Panthercorp provides services for the formation of companies, trusts and SMSFs, in addition to company registry services and maintenance of company records. The acquisition provides Sequoia with synergies by utilising existing processes and systems used by Docscentre and providing the opportunity to offer existing services to approximately 750 accountants, predominantly based in Western Australia.

As part payment of the consideration, on 1 February 2021, the Company issued 2,000,000 fully paid ordinary shares at 40 cents per share to the seller and paid cash of $450,000. A final payment of $450,000 is due on 1 February 2022.

Since acquisition, Panthercorp contributed revenue of $2,111,533 and operating profit of $332,982. If the acquisition had happened at the beginning of the financial year, the contribution would have been revenue of $4,360,849 and operating profit of $600,586.

NOTE 30. BUSINESS COMBINATIONS (CONTINUED)

Details of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	83,037
Trade and other receivables	324,864
Inventories	13,941
Prepayments	4,350
Other assets	4,036
Plant and equipment	21,931
Right-of-use assets	78,738
Customer list	835,093
Other intangibles	620,401
Deferred tax asset	79,239
Trade and other payables	(28,350)
Deferred tax liability	(250,528)
Lease liability	(84,328)
Other liabilities	(353,284)
Net assets acquired	1,349,140
Goodwill	350,860
Acquisition-date fair value of the total consideration transferred	1,700,000
Representing:	
Cash paid or payable to vendor	450,000
Sequoia Financial Group Limited shares issued to vendor	800,000
Deferred consideration	450,000
	1,700,000
Acquisition costs expensed to profit or loss	40,175
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	1,700,000
Less: cash and cash equivalents	(83,037)
Less: deferred consideration	(450,000)
Less: shares issued by Company as part of consideration	(800,000)
Net cash used	366,963

NOTE 31. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in note 2:

			Parent	
Name		Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Sequoia Financial Group Limited		Australia	100%	100%
Sequoia Group Holdings Pty Ltd		Australia	100%	100%
Sequoia Financial Australia Ltd	(a)	Australia	100%	100%
Sequoia Wealth Group Pty Ltd	(a)	Australia	100%	100%
My Own Super Fund Pty Ltd	(a)	Australia	100%	100%
Bourse Data Pty Ltd	(a)	Australia	100%	100%
The Cube Financial Group Pty Ltd	(a)	Australia	100%	100%
Trader Dealer Online Pty Ltd	(a)	Australia	100%	100%
MDSnews.com Pty Ltd	(a)	Australia	100%	100%
Docscentre Pty Ltd (formerly InterPrac Pty Ltd)	(a)	Australia	100%	100%
Libertas Financial Planning Pty Ltd	(a)	Australia	100%	100%
Sequoia Direct Pty Ltd	(b)	Australia	100%	100%
Finance TV Pty Ltd	(b)	Australia	100%	100%
Morrison Securities Pty Ltd	(b)	Australia	100%	100%
Sequoia Superannuation Pty Ltd	(b)	Australia	100%	100%
Sequoia Specialist Investments Pty Ltd	(b)	Australia	100%	100%
Sequoia Asset Management Pty Ltd	(b)	Australia	100%	100%
Sequoia Lending Pty Ltd	(b)	Australia	100%	100%
Acacia Administrative Services Pty Ltd	(b) (1)	Australia	100%	100%
Sequoia Nominees No.1 Pty Ltd	(c)	Australia	100%	100%
Sequoia Wealth Management Pty Ltd	(d)	Australia	100%	100%
Sequoia Corporate Finance Pty Ltd	(d)	Australia	100%	100%
Centreboard Super Pty Ltd	(b) (e) (2)	Australia	100%	100%
Australian Practical Superannuation Fund Pty Ltd (formerly Property Engine Pty Ltd)	(e)	Australia	100%	100%
Sequoia Family Office Pty Ltd (formerly Investor1st Pty Ltd)	(e)	Australia	100%	100%
InterPrac Financial Planning Pty Ltd	(e) (3)	Australia	100%	100%
Sage Capital Group Pty Ltd	(e)	Australia	100%	100%
InterPrac Securities Pty Ltd	(e)	Australia	100%	100%
InterPrac General Insurance Pty Ltd	(e)	Australia	100%	100%
InterPrac Corporate Insurance Pty Ltd	(e)	Australia	100%	-
InterPrac Mortgage Management Pty Ltd	(e) (4)	Australia	-	100%
InterPrac Finance Services Pty Ltd	(e) (4)	Australia	-	100%
SMSF Engine Pty Ltd	(e)	Australia	100%	100%

NOTE 31. INTERESTS IN SUBSIDIARIES (CONTINUED)

Tax Engine Pty Ltd	(e)	Australia	100%	100%
Yieldreport Pty Ltd (formerly Sequoia Private Clients Pty Ltd)	(e)	Australia	100%	100%
PantherCorp CST Pty Ltd	(e)	Australia	100%	-
Morsec Nominees Pty Ltd	(f)	Australia	100%	100%
Taking Control Pty Ltd	(5)	Australia	50%	-

(a) Subsidiary of Sequoia Financial Group Limited

(b) Subsidiary of Sequoia Group Holdings Pty Ltd

(c) Subsidiary of Sequoia Specialist Investments Pty Ltd

(d) Subsidiary of Sequoia Wealth Group Pty Ltd

(e) Subsidiary of Docscentre Pty Ltd (formerly InterPrac Pty Ltd)

(f) Subsidiary of Morrison Securities Pty Ltd

(1) Acacia Administrative Services Pty Ltd acts as a service entity for the Group with all employees engaged under this entity.

(2) 50% owned by Sequoia Group Holdings Pty Ltd and 50% owned by Docscentre Pty Ltd. Deregistered in July 2021.

(3) 50% owned by Docscentre Pty Ltd and 50% owned by Sage Capital Group Pty Ltd.

(4) Entities sold to Taking Control Pty Ltd in January 2021.

(5) Docscentre Pty Ltd owns 50% of Taking Control Pty Ltd.

NOTE 32. CASH FLOW INFORMATION

Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2021 $	2020 $
Profit after income tax expense for the year	5,548,262	1,932,474
Adjustments for:		
Depreciation and amortisation	3,009,359	1,812,709
Net fair value gain on investments	(846,985)	-
Share-based payments	290,764	-
Impairment of assets	-	308,309
Net loss on disposal of non-current assets	(23,626)	106,405
Forfeit of options	-	(71,311)
Interest for lease accounting	126,560	151,057
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	165,876	(898,436)
Decrease/(increase) in client related receivables	(20,372,197)	388,462
Decrease in contract assets and deferred costs	3,695,294	789,200
Increase in inventories	(30,384)	(489)
Decrease in deferred tax assets	1,210,783	507,361
Increase in prepayments	(76,831)	(66,691)
Decrease/(increase) in other operating assets	21,460	(498,744)
Increase/(decrease) in trade and other payables	139,060	(1,076,605)
Increase in client related payables	28,358,524	6,895,951
Decrease in contract liabilities and deferred revenue	(5,802,747)	(1,365,002)
Increase/(decrease) in provision for income tax	351,658	(797,134)
Decrease in deferred tax liabilities	(1,071,110)	(270,891)
Increase in employee benefits	1,309,787	146,732
Increase in other operating liabilities	723,679	2,611
Net cash from operating activities	16,727,186	7,995,968

NOTE 32. CASH FLOW INFORMATION (CONTINUED)

Changes in liabilities arising from financing activities

Consolidated	Bank loans and lease chattel mortgage $	Capital finance and other loans $	Convertible notes $	Lease liability $	Total $
Balance at 1 July 2019	831,558	400,100	200,000	-	1,431,658
Net cash used in financing activities	(831,558)	(28,911)	-	(610,688)	(1,471,157)
Leases recognised on the adoption of AASB 16	-	-	-	4,057,139	4,057,139
Make good provision	-	-	-	200,000	200,000
Adjustment to treatment lease incentive	-	-	-	(638,727)	(638,727)
Changes through business combinations (note 30)	-	91,225	-	-	91,225
Other changes	-	-	-	624,563	624,563
Balance at 30 June 2020	-	462,414	200,000	3,632,287	4,294,701
Net cash used in financing activities	-	(145,161)	(200,000)	(862,297)	(1,207,458)
Changes through business combinations (note 30)	-	-	-	84,328	84,328
Interest on lease liability	-	-	-	125,020	125,020
Balance at 30 June 2021	-	317,253	-	2,979,338	3,296,591

NOTE 33. EARNINGS PER SHARE

	Consolidated 2021 $	Consolidated 2020 $
Profit after income tax attributable to the owners of Sequoia Financial Group Limited	5,548,262	1,932,474
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	128,315,340	120,282,464
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	4,150,000	1,000,000
Performance rights	-	195,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	132,465,340	121,477,464

	Cents	Cents
Basic earnings per share	4.324	1.607
Diluted earnings per share	4.188	1.591

NOTE 34. EVENTS AFTER THE REPORTING PERIOD

On 1 July 2021, the Group announced the launch of Sequoia Family Office within the Sequoia Wealth Group. The new business will target high net worth investors with investable funds of $5.0 million to $100.0 million who are looking for specialist services in managing their financial affairs. On 1 July 2021, the Group has acquired the client books of Macro Investment Advisory Pty Ltd for up to $600,000. This is the initial investment in the family office space with the aim to grow the funds under advice to $2.0 billion over the next 5 years.

Apart from the dividend declared as disclosed in note 22, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors

John Larsen
Chairman

19 August 2021
Melbourne

Sequoia Financial Group Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sequoia Financial Group Limited (the Company) and its controlled entities (together, the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and

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

Basis for Opinion

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

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

Key Audit Matters

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

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BUSINESS COMINATIONS – PANTHERCORP CST PTY LTD	
Area of focus	**How our audit addressed it**
The Group acquired Panthercorp CST Pty Ltd on 1 February 2021. The business combination was considered a significant purchase for the group. Areas of complexity for this transaction were around the following: — Accounting and appropriately fair valuing deferred consideration and consideration paid for the transaction, including amounts paid through cash and scrip; — Identifying and allocating the intangible assets acquired to the appropriate cash-generating unit (CGU) for subsequent impairment testing; — Appropriately measuring and classifying in the profit or loss transaction costs relating to the acquisition; — Determination of deferred tax assets arising from the purchase price allocation; and — Setting an appropriate accounting policy for the amortisation of identifiable intangible assets arising from the purchase. We note that at reporting date the fair value attribution accounting is complete (which under Accounting Standards they are afforded 12 months from the date of acquisition), including: a) the attribution of provisional goodwill calculations to identifiable intangible assets; b) the setting of tax cost bases for calculating deferred tax assets and liabilities; and c) identifying any vendor guarantees or contingent liabilities that may be separately fair valued as part of the business purchase.	Our audit procedures included: — Reviewing the acquisition agreements to understand the key terms and conditions of the acquisition; — Reviewed the accounting treatment adopted by the Group to ensure the transaction met the requirements of AASB 3 *Business Combinations;* — Comparing the completion accounting to independent purchase price allocation reports; — Obtained a list of transaction costs related to the purchase and on a sample ensured appropriate treatment in being expensed when incurred; — Discussed with management their program for ensuring that they complete their analysis of fair values of assets and liabilities acquired by the anniversary of the acquisition date; — Obtained the intangible asset allocation journals processed and reviewed for appropriateness of recognition and valuation and assessed the independent specialist; — Verified and reviewed deferred tax bases to tax calculations; and — Assessed the appropriateness of the allocation of intangible assets to their CGU, as included in the Group's impairment calculations. We also considered the adequacy of the Group's disclosures in relation to the business combination.

REVENUE RECOGNITION FOR SEQUOIA SPECIALIST INVESTMENTS PRODUCTS	
Area of focus	**How our audit addressed it**
The Sequoia Specialist Investments business segment (SSI) represents a significant portion of the revenues and profitability of the Group. SSI earns revenue by providing a counter-party solution for its clients in their trading of market risks (principally foreign exchange and equities) in medium to long-term derivative products. Sequoia effectively on-sells the derivative exposure it has with its clients to Tier 1 investment banks with contracts that completely match that derivative exposure. The margin it earns from this arrangement is priced separately and is deferred (together with direct costs) on a straight-line over the course of each contract on a gross basis in the financial statements (deferred costs and deferred revenue). The derivative positions, which are held at fair value with changes in fair value through the profit or loss, are also reflected at their unhedged values on the statement of financial position. From our perspective, the key risks for this arrangement include the following matters: - The risk that client-driven derivative exposures are not matched 1-for-1 with wholesale contracts; - The risk of default by the investment banks providing wholesale derivative hedge positions; and - The potential for revenue to be recognised in-advance of the services provided to the client, including other revenues related with SSI including non-refundable application fees, which are earned up-front and at-risk coupon fees, which are earned at the close of each contract.	— For a sample of structured products, we agreed the terms and conditions, including but not limited to, interest rates, notional hedged units, product maturity, trade dates and hedge premiums paid to supporting documents, including Product Disclosure Statements, Market-to-Market (MTM) valuations, Market registry allotment reports and bank statements. — We confirmed the valuations of the derivative financial instruments at year end through to supporting valuations obtained from various investment banks. — We re-calculated the model for deferral and subsequent release of revenue and costs relating to the structured products and reconciled closing positions to the statement of financial position and statement of financial performance; — An assessment of the credit worthiness of the investment banks; — We examined application fees and coupon fees and ensured that they were accrued to the appropriate accounting period; and — We reviewed the accuracy of the current and non-current classification of deferred revenue and deferred costs. We also considered the adequacy of the Group's disclosures in relation to revenue recognition. We also reviewed the Group's accounting policies for its revenue and cost streams attached to the SSI segment, to ensure compliance with AASB 15.

ASSESSMENT OF CARRYING VALUE OF INTANGIBLE ASSETS	
Area of focus	**How our audit addressed it**
The Group's net assets include a significant amount of intangible assets, the majority of which have originated from acquisitions in prior years. There is a risk that the entities in the Group may not trade in line with initial expectations and forecasts, resulting in the carrying amount of intangible assets exceeding the recoverable amount and therefore requiring impairment. The recoverable amounts of the four cash generating units (CGUs) have been calculated based upon on their value-in-use. These recoverable amounts use discounted cash flow forecasts in which the Directors make judgements over certain key inputs, for example but not limited to revenue growth, discount rates applied, long term growth rates and inflation rates. Overall due to the high level of judgement involved, and the significant carrying amounts involved, we have determined that this is a key judgemental area that our audit concentrated on.	Our audit procedures included: — Evaluation of the Group's determination of CGUs. This includes reviewing internal management reporting, comparison to our knowledge and understanding of Group's operations and ensuring CGUs are no larger than operating segments; — A detailed evaluation of the Group's budgeting procedures upon which the forecasts are based and testing the principles and integrity of the discounted future cash flow models; — Testing the accuracy of the calculation derived from each forecast model and we assessed key inputs in the calculations such as revenue growth, discount rates and working capital assumptions, by reference to the Board approved forecasts, data external to the Group and our own views. — We reviewed the historical accuracy by comparing actual results with the original forecasts. We also considered the adequacy of the Group's disclosures in relation to the impairment testing.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

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

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

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

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

In preparing the financial report, the directors are responsible for assessing the 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 has no realistic alternative but to do so.

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

A further description of our responsibilities for the audit of these financial statements 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 independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report
We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Sequoia Financial Group Limited, for the year ended 30 June 2021, 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.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director

Melbourne, 19 August 2021

In accordance with ASX Listing Rule 4.10, the Company provides the following additional information to shareholders not shown elsewhere in this Annual Report. The information is current as at 4 August 2021.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Sequoia Financial Group Limited is committed to maintaining high standards of Corporate Governance. This Corporate Governance Statement discloses the extent to which the Company has followed the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ('ASX Principles and Recommendations').

The Corporate Governance Statement has been adopted by the Board and is current as at 30 June 2021. The Statement can be found in the Company's Corporate Governance section:

www.sequoia.com.au/about-sequoia/corporate-governance/

NUMBER OF HOLDINGS OF EQUITY SECURITIES

The number of holders in each class of equity securities on issue in the Company is as follows:

Security Type	No of Securities	No of Shareholders
Fully Paid Ordinary Shares	131,905,374	695
Options expiring 30 June 2022 with an exercise date of $0.36	2,150,000	8
Options expiring 30 June 2024 with an exercise date of $0.45	2,000,000	7

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		
	Number of holders	No of Securities	% of total shares issued
1 to 1,000	191	74,603	0.06
1,001 to 5,000	134	367,357	0.28
5,001 to 10,000	62	504,951	0.38
10,001 to 100,000	186	7,271,986	5.51
100,001 and over	122	123,686,477	93.77
	695	**131,905,374**	**100.00**

	Number of holders	Options expiring 30 June 2022 with an exercise date of $0.36 No of Securities	% of total shares issued
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	1	100,000	4.65
100,001 and over	7	2,050,000	95.35
	8	**2,150,000**	**100.00**

	Number of holders	Options expiring 30 June 2024 with an exercise date of $0.45 No of Securities	% of total shares issued
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	1	100,000	5.00
100,001 and over	6	1,900,000	95.00
	7	**2,000,000**	**100.00**

VOTING RIGHTS

The only class of equity securities on issue in the Company that carries voting rights is ordinary shares.

UNMARKETABLE PARCELS

The number of holders of less than a marketable parcel of ordinary shares is as follows:

Unmarketable Parcels as at 4 August 2021	Minimum Parcel Size	Holders	Units
Minimum $500.00 parcel at $0.660 per unit	757	146	33,253

EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The Company only has one class of quoted securities, being ordinary shares. The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
MR GARRY CROLE	11,026,733	8.36
UNRANDOM PTY LTD (UNRANDOM A/C)	10,886,746	8.25
BNP PARIBAS NOMS PTY LTD (DRP)	7,957,068	6.03
EXLDATA PTY LTD	7,129,800	5.41
COJONES PTY LTD (JONES FAMILY NO 2 A/C)	6,529,110	4.95
STRATEGIC VALUE PTY LTD (TAL SUPER A/C)	5,898,894	4.47
HUNTLEY GROUP INVESTMENTS PTY LTD (HUNTLEY GRP INVESTMENT A/C)	4,210,000	3.19
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,020,588	3.05
TOCLO INVESTMENTS PTY LTD (THE TLC INVESTMENT TRUST)	3,505,902	2.66
LIBERTAS SOLUTIONS PTY LTD (MARK EUVRARD FAMILY A/C)	3,310,000	2.51
MR NEIL CLIFFORD DUNCAN	2,960,000	2.24
MR PETER STIRLING + MRS ROS STIRLING	2,237,500	1.70
TIBARRUM PTY LTD (PAUL ROBINSON FAM S/F A/C)	1,885,000	1.43
VONETTA PTY LTD (TRBC S/F A/C)	1,678,101	1.27
NATIONAL NOMINEES LIMITED	1,643,347	1.25
RUFFY STEEDEN LEGACY PTY LTD (RUFFY STEEDEN LEGACY SF A/C)	1,560,000	1.18
MR ANTHONY CHRISTOPHER JONES	1,524,303	1.16
LEOPARD ASSET MANAGEMENT PTY LTD	1,495,697	1.13
TRIFERN PTY LTD (SUPER FUND A/C)	1,480,627	1.12
DMX CAPITAL PARTNERS LIMITED	1,400,000	1.06
	82,339,416	62.42

SUBSTANTIAL HOLDERS

The names of the substantial holders in the Company and the number of equity securities in which those substantial holders and their associates have a relevant interest, as disclosed in substantial holding notices given to the Company, are as follows:

		Ordinary shares	
	Date of Last Notice Lodged	Number held	% of total shares issued
ANTHONY & RYAN YOUNG	21 June 2021	14,485,897	11.00
COJONES PTY LTD	26 July 2018	13,817,804	11.71
MR GARRY CROLE	26 July 2018	11,401,500	9.66
UNRANDOM PTY LTD	26 July 2018	11,974,738	10.15
ACORN CAPITAL LTD	2 September 2020	6,525,181	5.15

RESTRICTED SECURITIES

There are no restricted securities on issue.

SECURITIES SUBJECT TO VOLUNTARY ESCROW

There are no securities subject to voluntary escrow.

OTHER INFORMATION

The Company conducted on-market share buy-back starting from 1 July 2020 and ended on 30 June 2021. No shares were bought as part of the buy back.

There are no issues of securities approved for the purpose of Item 7 of Section 611 of the Corporations Act which have not yet been completed.

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

Directors	Garry Crole John Larsen Kevin Pattison Charles Sweeney
Company secretary	Rebecca Weir
Notice of annual general meeting	The Company advises that its Annual General Meeting proposed date is 18 November 2021. The time and other details relating to the meeting will be advised in the Notice of Meeting. In accordance with the ASX Listing Rules and the constitution, valid nominations for the position of Director are required to be lodged at the registered office of the Company, 35 Business days before the meeting - being 5:00pm (Melbourne) on 30 September 2021.
Registered office	Level 7 7 Macquarie Place Sydney NSW 2000 Telephone: + 61 2 8114 2222 Facsimile: + 61 2 8114 2200
Principal place of business	Level 8 525 Flinders Street Melbourne VIC 3000
Share register	Registry Direct Limited PO Box 18366 Collins Street East VIC 8003 Telephone: 1300 556 635 Facsimile: +61 3 9111 5652
Auditor	William Buck Level 20 181 William Street Melbourne VIC 3000

Corporate directory

Bankers	National Australia Bank 330 Collins Street Melbourne VIC 3000
	Westpac Australia Bank Royal Exchange, Cnr Pitt & Bridge Streets Sydney NSW 2000
	Maldon & District Community Bank® Branch of Bendigo Bank 81 High Street Maldon VIC 3463
	Commonwealth Bank of Australia Level 20, Tower 1 Collins Square 727 Collins Street Melbourne VIC 3008
	Australia and New Zealand Banking Group Limited 388 Collins Street Melbourne VIC 3000
Stock exchange listing	Sequoia Financial Group Limited shares are listed on the Australian Securities Exchange (ASX code: SEQ)
Website	www.sequoia.com.au