BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
A.B.N. 54 085 797 735

ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2019

BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
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DIRECTORS' REPORT

The Directors of Bell Potter Capital Limited (Company) present their report, together with the consolidated financial report consisting of the Company and its controlled entities (Group) for the financial year ended 31 December 2019.

The Directors holding office during the year are set out below. All Directors held office for the entire period.

Alastair Provan	Executive Chairman
Colin Bell	Director
Lewis Bell	Director
Andrew Bell	Director
Craig Coleman	Director
Dean Davenport	Director
Rowan Fell	Director

OPERATING AND FINANCIAL REVIEW

The principal activities of the Company are margin lending and cash businesses.

The Group's profit before income tax for the year ended 31 December 2019 was $2,642,213 (2018: $3,208,376).
The Company's profit before income tax for the year ended 31 December 2019 was $2,642,213 (2018: $3,208,376).
The Group's profit after income tax for the year ended 31 December 2019 was $1,847,357(2018: $2,245,839).
The Company's profit after income tax for the year ended 31 December 2019 was $1,847,357 (2018: $2,245,839).

There were no significant changes in the nature of the Company's activities during the year.

There was a significant change to the Company's state of affairs with the acquisition of two structured loan products (Equity Lever and Geared Equity Investments) and the associated sales and product development teams from Macquarie Bank.

The Company will continue to pursue its strategy of developing and building the margin lending and cash businesses in future.

DIVIDENDS

Dividends declared and paid by the Group and the Company during the financial year were $1,750,000 (2018: $2,000,000) (note 22).

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since the end of the year that has significantly affected, or may significantly affect, the Company's operations, the results of those operations or the Company's state of affairs, in future financial years.

INDEMNIFICATION

The Company's parent entity, Bell Financial Group Limited (BFG), has agreed to indemnify the Directors against all liabilities to another person (other than BFG or a related entity) that may arise from their position as officers of BFG or its controlled entities, except where the liability arises out of conduct including a lack of good faith. Except for the above, neither BFG (nor the Company) has indemnified any person who is or has been an officer or auditor of the Company.

INSURANCE

Since the end of the previous financial year, the Company's parent entity, BFG, has paid a premium for an insurance policy for the benefit of the Directors, officers, company secretaries and senior executives of BFG and its controlled entities. The policy prohibits disclosure of the premium payable and the nature of the liability covered.

OPTIONS

No options over shares in the Company were granted during the financial year and there were no options outstanding at the end of the financial year.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 3 and forms part of the Directors' Report for the financial year ended 31 December 2019.

ROUNDING OF AMOUNTS

The Company is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191 applies. Amounts in this report have been rounded off in accordance with that instrument to the nearest dollar.

This report is made on 20 February 2020 in accordance with a resolution of the Directors:

Dean Davenport
Director

Melbourne
20 February 2020

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

To the Directors of Bell Potter Capital Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Bell Potter Capital Limited for the financial year ended 31 December 2019 there have been:

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

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

KPMG

KPMG

Chris Wooden

Partner

KPMG Melbourne

20 February 2020

KPMG

Independent Auditor's Report

To the members of Bell Potter Capital Limited

Opinion

We have audited the ***Financial Report*** of Bell Potter Capital Limited (the Company).

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

- giving a true and fair view of the ***Group*** and Company's financial position as at 31 December 2019 and of their financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Statements of Financial Position as at 31 December 2019
- Income Statements, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

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

Basis for opinion

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

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

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

Other Information

Other Information is financial and non-financial information in Bell Potter Capital Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' report.

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

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Chris Wooden
Partner

KPMG Melbourne

20 February 2020

BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Consolidated Entity		Parent Entity	
		2019	2018	2019	2018
		$	$	$	$
Finance income	5 (a)	21,612,781	15,566,602	15,110,575	12,627,016
Finance costs	5 (b)	(6,283,929)	(5,177,761)	(3,316,237)	(3,720,382)
Total finance income		15,328,852	10,388,841	11,794,338	8,906,634
Investment losses	5 (c)	(2,603,364)	-	(2,603,364)	-
Other income	5 (d)	2,060	27,584	3,521,920	1,486,408
Total revenue		12,727,548	10,416,425	12,712,894	10,393,042
Management fees		(3,293,333)	(2,708,285)	(3,293,333)	(2,708,285)
Commission paid		(3,892,572)	(3,255,993)	(3,892,572)	(3,255,993)
System expenses		(1,687,605)	(539,640)	(1,687,605)	(539,640)
Professional expenses		(815,946)	(350,398)	(807,344)	(330,998)
Other expenses		(395,879)	(353,733)	(389,827)	(349,750)
Profit before income tax		2,642,213	3,208,376	2,642,213	3,208,376
Income tax expense	6	(794,856)	(962,537)	(794,856)	(962,537)
Profit for the year		1,847,357	2,245,839	1,847,357	2,245,839
Attributable to:					
Equity holders of the Company		1,847,357	2,245,839	1,847,357	2,245,839
Profit for the year		1,847,357	2,245,839	1,847,357	2,245,839

The notes on pages 11 to 29 are an integral part of these consolidated financial statements.

BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Consolidated Entity		Parent Entity	
	2019	2018	2019	2018
	$	$	$	$
Profit for the year	1,847,357	2,245,839	1,847,357	2,245,839
Other comprehensive income				
Changes in fair value of cash flow hedge	(305,164)	(50,271)	(192,299)	(43,987)
Other comprehensive income for the year, net of tax	(305,164)	(50,271)	(192,299)	(43,987)
Total comprehensive income for the year	1,542,193	2,195,568	1,655,058	2,201,852
Attributable to:				
Equity holders of the company	1,542,193	2,195,568	1,655,058	2,201,852
Total comprehensive income for the year	1,542,193	2,195,568	1,655,058	2,201,852

The notes on pages 11 to 29 are an integral part of these consolidated financial statements.

BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019

		Consolidated Entity		Parent Entity	
		2019	2018	2019	2018
		$	$	$	$
ASSETS					
Cash and cash equivalents	7	30,393,716	34,519,663	30,338,989	34,477,862
Loans and advances	8	543,489,364	296,216,765	319,002,417	199,906,870
Trade and other receivables	9	3,278,672	3,513,771	49,263,362	63,128,608
Financial Assets	10	7,108,880	-	7,108,880	-
Derivative assets	16	103,286	-	103,286	-
Prepayments		65,250	2,750	65,250	2,750
Investment in Controlled Entities	11	-	-	20,102	20,102
TOTAL ASSETS		584,439,168	334,252,949	405,902,286	297,536,192
LIABILITIES					
Deposits and other borrowings	12	567,430,553	320,440,790	390,430,553	284,440,790
Derivative liabilities	16	379,913	132,203	255,662	120,818
Trade and other payables	13	10,615,739	6,876,761	9,078,857	6,160,003
Provisions		-	582,425	-	582,425
TOTAL LIABILITIES		578,426,205	328,032,179	399,765,072	291,304,036
NET ASSETS		6,012,963	6,220,770	6,137,214	6,232,156
EQUITY					
Contributed equity	14	3,000,000	3,000,000	3,000,000	3,000,000
Cash flow hedge reserve	14	(379,913)	(74,749)	(255,662)	(63,363)
Retained earnings	14	3,392,876	3,295,519	3,392,876	3,295,519
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		6,012,963	6,220,770	6,137,214	6,232,156

The notes on pages 11 to 29 are an integral part of these consolidated financial statements.

BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share Capital $	Cash Flow Hedge Reserve $	Retained Earnings $	Total Equity $
Consolidated Entity:				
Balance at 1 January 2018	3,000,000	(24,478)	3,049,680	6,025,202
Total comprehensive income				
Profit for the year	-	-	2,245,839	2,245,839
Other comprehensive income				
Changes in fair value of cash flow hedge	-	(50,271)	-	(50,271)
Total other comprehensive income	-	(50,271)	-	(50,271)
Total comprehensive income for the year	-	(50,271)	2,245,839	2,195,568
Transactions with owners, directly in equity				
Dividends	-	-	(2,000,000)	(2,000,000)
Balance at 31 December 2018	3,000,000	(74,749)	3,295,519	6,220,770
Balance at 1 January 2019	3,000,000	(74,749)	3,295,519	6,220,770
Total comprehensive income				
Profit for the year	-	-	1,847,357	1,847,357
Other comprehensive income				
Changes in fair value of cash flow hedge	-	(305,164)	-	(305,164)
Total other comprehensive income	-	(305,164)	-	(305,164)
Total comprehensive income for the year	-	(305,164)	1,847,357	1,542,193
Transactions with owners, directly in equity				
Dividends	-	-	(1,750,000)	(1,750,000)
Balance at 31 December 2019	3,000,000	(379,913)	3,392,876	6,012,963
Parent Entity:				
Balance at 1 January 2018	3,000,000	(19,376)	3,049,680	6,030,304
Total comprehensive income				
Profit for the year	-	-	2,245,839	2,245,839
Other comprehensive income				
Changes in fair value of cash flow hedge	-	(43,987)	-	(43,987)
Total other comprehensive income	-	(43,987)	-	(43,987)
Total comprehensive income for the year	-	(43,987)	2,245,839	2,201,852
Transactions with owners, directly in equity				
Dividends	-	-	(2,000,000)	(2,000,000)
Balance at 31 December 2018	3,000,000	(63,363)	3,295,519	6,232,156
Balance at 1 January 2019	3,000,000	(63,363)	3,295,519	6,232,156
Total comprehensive income				
Profit for the year	-	-	1,847,357	1,847,357
Other comprehensive income				
Changes in fair value of cash flow hedge	-	(192,299)	-	(192,299)
Total other comprehensive income	-	(192,299)	-	(192,299)
Total comprehensive income for the year	-	(192,299)	1,847,357	1,655,058
Transactions with owners, directly in equity				
Dividends	-	-	(1,750,000)	(1,750,000)
Balance at 31 December 2019	3,000,000	(255,662)	3,392,876	6,137,214

The notes on pages 11 to 29 are an integral part of these consolidated financial statements.

BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Consolidated Entity		Parent Entity	
	2019	2018	2019	2018
	$	$	$	$
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES				
Cash receipts in the course of operations	105,277,851	187,166	122,385,516	27,584,189
Cash payments in the course of operations[1]	(259,543,813)	(57,352,690)	(131,446,573)	(47,294,123)
Interest received	26,120,178	15,713,161	19,012,536	12,843,874
Interest paid	(6,209,338)	(5,137,245)	(3,319,527)	(3,720,382)
Net cash flows from / (used in) operating activities	(134,355,122)	(46,589,608)	6,631,952	(10,586,442)
CASH FLOW FROM INVESTING ACTIVITIES				
Payment for investments	(8,218,734)	-	(8,218,734)	-
Net cash flows used in investing activities	(8,218,734)	-	(8,218,734)	-
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES				
Repayment of intercompany borrowings	(802,091)	(916,990)	(802,091)	(916,990)
Drawdown of borrowings	141,000,000	36,000,000	-	-
Dividend paid	(1,750,000)	(2,000,000)	(1,750,000)	(2,000,000)
Net cash flows from / (used in) financing activities	138,447,909	33,083,010	(2,552,091)	(2,916,990)
NET INCREASE / (DECREASE) IN CASH HELD	(4,125,947)	(13,506,598)	(4,138,873)	(13,503,432)
Cash and cash equivalents at 1 January	34,519,663	48,026,261	34,477,862	47,981,294
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	30,393,716	34,519,663	30,338,989	34,477,862

1. Cash payments in the course of operations includes the acquisition of Macquarie Structured Loan book of $268,166,839.

The notes on pages 11 to 29 are an integral part of these consolidated financial statements.

Bell Potter Capital Limited (the "Company") is domiciled in Australia. The address of the Company's registered office is Level 29, 101 Collins Street, Melbourne, VIC. The consolidated financial statements of the Company comprise of the Company and its subsidiaries (the "Group" or "Consolidated Entity") for the year ended 31 December 2019 and auditor's report thereon.

Bell Potter Capital Limited is a company limited by shares, incorporated in Australia.

The principal activities of the Company are margin lending and cash deposit businesses.

1 SIGNIFICANT ACCOUNTING POLICIES

Set out below is a summary of significant accounting policies adopted by the Company and its subsidiaries in the preparation of the consolidated financial statements.

(a) Basis of Preparation

i) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Board of Directors on 20 February 2020.

The accounting policies set out below, except as noted, have been applied consistently to all periods presented in these consolidated financial statements, and have been consistently applied by all entities within the consolidated entity.

ii) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets and liabilities (including derivatives and loans) at fair value through the profit and loss.

iii) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the Group.

(b) Principles of consolidation

Subsidiaries
Subsidiaries are all entities controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commenced until the date that control ceases. All controlled entities have a 31 December balance date.

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Special purpose entities
The Group has established a special purpose entity (SPE) to manage margin lending loans. Except for residual income unit held, the Group does not have direct or indirect shareholdings in this entity. The SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE.

SPE's controlled by the Group were established under terms that impose strict limitations on the decision making powers of the SPE's management and that result in the Group receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to risks incidental to the SPE's activities and retaining the majority of the residual or ownership risks related to the SPE or its assets.

(c) Revenue recognition

AASB 15 Revenue from Contracts with Customers
AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118 Revenue and related interpretations. It requires identification of discrete performance obligations within a transaction and an associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of the goods or services are transferred to the customer.

Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. AASB 15 specifically excludes financial instruments recognised under AASB 9 Financial Instruments. Revenue streams for the Group are limited to fee-based revenue items such as commissions.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue recognition (continued)

Revenue under AASB 15 is recognised when the Group transfers control over a service to a customer. The Group measures revenue based on the consideration specified in a contract with a customer. The following specific criteria must also be met before revenue can be recognised.

Interest
Interest income is recognised as it accrues using the effective interest rate method, in accordance with AASB 9.

(d) Statement of Cash Flows

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of 3 months or less.

(e) Income Tax

Income tax expense or revenue for the period comprises current and deferred tax. Income tax is recognised in the Income Statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Tax consolidation
Effective 1 January 2003, the Company elected to apply the tax consolidation legislation. All current tax amounts relating to the Group have been assumed by the head entity of the tax-consolidated group, Bell Financial Group. Deferred tax amounts in relation to temporary differences are allocated as if each entity continued to be a taxable entity in its own right.

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statements of Financial Position.

Cash flows are included in the Statements of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities that are recoverable from, or payable to the ATO are classified as operating cash flows.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with original maturity of less than three months. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purpose of the Statements of Cash Flows.

(h) Derivatives

Derivative financial instruments are contracts whose value is derived from one or more underlying price indices or other variables. They include swaps, forward rate agreements, options or a combination of all three.

Certain derivative instruments are held for trading for the purpose of making short-term gains such as FX swaps.

Derivative financial instruments are also used for hedging purposes to mitigate the Group's exposure to interest rate risk. The Group applied the new general hedge accounting model in AASB 9 *Financial Instruments* from 1 January 2018 (refer to Note 1n)iii for further information). Derivative financial instruments are recognised initially at fair value with gains or losses for subsequent reassessment at fair value being recognised in the Income Statements.

Where the derivative is designated effective as a hedging instrument, the timing of the recognition of any resultant gain or loss in the Income Statements is dependant on the hedging designation. FX swaps are measured at fair value with subsequent gains and losses recognised in the income statement. The Group has designated its interest rate swaps as cash flow hedges during the period. Details of these hedging instruments are outlined below:

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Derivatives (continued)

Cash flow hedges
Changes in the fair value of cash flow hedges are recognised directly in equity to the extent that the hedges are effective. To the extent hedges are ineffective, changes in the fair value are recognised in the profit or loss. Hedge effectiveness is tested at each reporting date and is assessed against the hedge effectiveness criteria in AASB 9.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, the hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs.

(i) Trade and other receivables

Trade debtors to be settled within 2 trading days are carried at amortised cost. Term debtors are also carried at amortised cost. Recoverability of Trade and other receivables is assessed using the lifetime expected credit loss approach.

(j) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. Trade accounts payable are normally settled within 60 days.

(k) Borrowing Costs

Borrowing costs are recognised using effective yield.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(m) Deposits and other borrowings

All deposits and borrowings are recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowings.

(n) Financial instruments

All investments are initially recognised at fair value of the consideration given, plus directly attributable transaction costs. Subsequent to initial recognition, investments, which are classified as financial assets are measured as described below.

Fair value measurement
AASB 13 Fair Value Measurement that establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other AASBs. It unifies the definition of fair value as 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.

AASB 9 Financial Instruments
AASB 9 sets out requirements for recognising and measuring financial assets and financial liabilities. This standard replaces AASB 139 Financial Instruments: *Recognition and Measurement.*

i. Classification and measurement of financial assets and financial liabilities
Under AASB 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVTOCI) – debt investment; FVTOCI – equity investment; or fair value through profit or loss (FVTPL). The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Financial instruments (continued)

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies apply to the subsequent measurement of financial assets held by the Group.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Business model assessment
The Group will determine the business model at the level that reflects how groups of financial assets are managed using all relevant evidence that is available at the date of the assessment, including:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- How managers of the business are compensated.

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Measurement categories of financial assets
Cash and cash equivalents, Trade and other receivables, and Loans and advances that meets SPPI are classified and measured at amortised cost. Certain Loans and advances and other financial assets do not meet SPPI and are classified and measured at FVTPL. There were no changes in classification and measurements of the Group's financial assets.

Modifications of financial assets and financial liabilities
Financial assets
If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, the contractual rights to cash flows from the original financial asset are deemed to have expired. The original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset are not substantially different, the Group recalculates the gross carrying amount of the financial asset and recognises the derecognition as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, the gain or loss is presented together with impairment losses.

Financial liabilities
The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. A new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

ii. Impairment of financial assets
AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under AASB 9, credit losses are recognised earlier than under AASB 139.

Under AASB 9, loss allowances are measured on either of the following bases:
- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

For all financial assets at amortised cost, the Group measures loss allowances at an amount equal to lifetime ECLs, except for loans and advances, which are measured at 12-month ECLs where credit risk has not increased significantly since initial recognition and lifetime ECLs where credit risk has increased significantly since initial recognition.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and analysis based on the Group's historical experience and forward-looking information.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Financial instruments (continued)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due or the expected probability of default has increased significantly.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses are presented separately in the statement of profit or loss and OCI. There were no impairment losses for the year ended 31 December 2019 (2018: Nil).

Trade and other receivables
ECLs are calculated based on actual historical credit loss experience. Exposures are segmented based on past events, current conditions and reasonable and supportable information about future events and economic conditions. There were no significant changes during the period to Group's exposure to credit risk and there was no significant impact to credit provisioning over trade and other receivables as at 31 December 2019.

Loans and advances
ECLs are calculated based on actual historical credit loss experience. Exposures are segmented based on past events, current conditions and reasonable and supportable information about future events and economic conditions. There were no significant changes during the period to Group's exposure to credit risk and there was no significant impact to credit provisioning over loans and advances as at 31 December 2019.

iii. Hedge accounting

The Group has elected to adopt the new general hedge accounting model in AASB 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Group only uses interest rate swaps to hedge exposure to fluctuations in interest rates.

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

Dividends
Dividends are recognised as a liability in the period in which they are declared, being appropriately authorised and no longer at the discretion of the Company.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- *Definition of Business (Amendments to IFRS3).*
- *Definition of Material (Amendments to IAS 1 and IAS 8).*

2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management and are reviewed on an ongoing basis. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Impairment of loans and advances
The Group assesses impairment of all loans at each reporting date by evaluating the expected credit loss on those loans. In the Director's opinion, no such impairment exists beyond that provided at 31 December 2019 (2018: Nil) (refer to note 16).

3 FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise loans and advances, derivatives, term deposits, and cash. The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. These are examined in more detail below.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Company and Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's and Group's activities. The Company and Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Company's and Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company and Group. Internal Audit assists the Board of Directors in its oversight role. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures.

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

Interest rate risk
Interest rate risk arises from the potential for changes in interest rates to have an adverse effect on the Group's net earnings. The Group continually monitors movements in interest rates and is in regular communication with borrowers whenever these rates change.

The Board has also approved the use of derivatives, in the form of interest rate swaps, to mitigate its exposure to interest rate risk. Changes in the fair value and effectiveness of interest rate swaps (which are a designated cash flow hedging instrument) are monitored on a six-monthly basis.

3 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing this risk is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding requirements. The Group manages liquidity by maintaining reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows and matching up maturity profiles of financial assets and liabilities.

With respect to the maturity of financial liabilities, the Group also:
- holds financial assets for where there is a liquid market and that they are readily saleable to meet liquidity needs; and
- has committed borrowing facilities or other line of credit that it can access to meet liquidity needs.

The Group prepares rolling cash projections which assists in monitoring cash flow requirements and optimising its cash return on investments. It also has a bank facility that it is able to draw upon in order to meet both short and long-term liquidity requirements.

Credit risk
Credit risk is the risk of financial loss to the Group if a debtor or counterparty to a financial instrument fails to meet its contractual obligations.

Trade and other receivables
The credit risk for these accounts is that financial assets recognised on the Statement of Financial Position exceed their carrying amount, net of any provisions for doubtful debts. In relation to client debtor's, the Groups client risk concentration is minimised as the transactions are settled on a delivery versus payment basis with a regime of trade plus two days.

Margin lending
Exposure to credit risk is monitored by management on an ongoing basis. The Group requires collateral in respect of margin loans made in the course of business. This collateral is generally in the form of the underlying security the margin loan is used to invest in. Loan to value ratios (LVRs) are assigned to determine the amounts of lending allowed against each security. Loan balances are reviewed daily and are subject to margin calls once the geared value falls 10% lower than the loan balance. Warnings are set between 5% and 10%. The lender can also require the borrower to repay on demand part or all of the amount owing at any time, whether or not the borrower or any guarantor is in default.

Capital management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group is required to comply with certain capital and liquidity requirements imposed by regulators which are monitored by the Board. The Group was in compliance with all requirements throughout the year.

4 DETERMINATION OF FAIR VALUE

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined and disclosed based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to the asset or liability.

Loans and advances
The fair value is based on the option value used to mitigate the risk on the limited recourse loan and the interest rate implicit to the loan.

Investments in equity
The fair values of financial assets at fair value through profit or loss are determined with reference to the quoted bid price, or if unquoted determined using a valuation model at reporting date.

Derivatives
The fair value of interest rate swaps is based on a mark-to-market model with reference to prevailing fixed and floating interest rates. These quotes are tested for reasonableness by discounting estimated future cash flows based on term to maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The fair value of currency swaps is determined using quoted forward exchange rates at the reporting date and present value calculations based on high quality yield curves in the respective currencies.

5 REVENUE AND EXPENSES

	Consolidated Entity		Parent Entity	
	2019	2018	2019	2018
(a) Finance income:	$	$	$	$
Interest income on loans and advances	20,969,253	15,077,008	13,413,305	11,249,537
Interest income on bank deposits	643,528	489,594	642,258	489,236
Seller series interest revenue	-	-	699,410	539,277
Subordinated note interest revenue	-	-	355,602	348,966
Total finance income	21,612,781	15,566,602	15,110,575	12,627,016

	Consolidated Entity		Parent Entity	
	2019	2018	2019	2018
(b) Finance costs:	$	$	$	$
Interest expense on deposits	(2,567,582)	(3,404,388)	(2,567,582)	(3,405,908)
Bank interest expense	(599,830)	(80,263)	(533,641)	(74,474)
Interest paid to related parties	(215,014)	(240,000)	(215,014)	(240,000)
Cash advance facility fees	(2,901,503)	(1,453,110)	-	-
Total finance costs	(6,283,929)	(5,177,761)	(3,316,237)	(3,720,382)

5 REVENUE AND EXPENSES (continued)

	Consolidated Entity		Parent Entity	
	2019	2018	2019	2018
(c) Investment gains / (losses)	$	$	$	$
Profit / (loss) on financial assets held at fair value through profit or loss	(2,603,364)	-	(2,603,364)	-
	(2,603,364)	-	(2,603,364)	-

	Consolidated Entity		Parent Entity	
	2019	2018	2019	2018
(d) Other income	$	$	$	$
Service fee revenue	-	-	359,804	170,125
Residual income	-	-	3,159,957	1,288,600
Sundry income	2,060	27,584	2,159	27,683
Total other income	2,060	27,584	3,521,920	1,486,408

	Consolidated Entity		Parent Entity	
	2019	2018	2019	2018
6 INCOME TAX	$	$	$	$
Current tax expense				
Current income tax charge	794,856	962,537	794,856	962,537
Deferred income tax				
Origination and reversal of temporary differences	-	-	-	-
Total income tax expense / (benefit)	794,856	962,537	794,856	962,537
Numerical reconciliation between tax expense and pre-tax accounting profit				
Accounting profit (before income tax)	2,642,213	3,208,376	2,642,213	3,208,376
Income tax using the Company's domestic tax rate of 30% (2018: 30%)	792,664	962,513	792,664	962,513
Expenditure not allowable for income tax purposes	2,192	24	2,192	24
Income tax expense	794,856	962,537	794,856	962,537

	Consolidated Entity		Parent Entity	
	2019	2018	2019	2018
7 CASH AND CASH EQUIVALENTS	$	$	$	$
Cash at bank	30,393,716	34,519,663	30,338,989	34,477,862
	30,393,716	34,519,663	30,338,989	34,477,862

Cash at bank earns interest at floating rates based on daily bank deposit rates. The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 16.

	Consolidated Entity		Parent Entity	
	2019	2018	2019	2018
8 LOANS AND ADVANCES	$	$	$	$
Margin Loans measured at amortised cost	397,519,794	296,216,765	173,032,847	199,906,870
Margin Loans measured at fair value though profit and loss	145,969,570	-	145,969,570	-
	543,489,364	296,216,765	319,002,417	199,906,870

There were no impaired, past due or renegotiated loans at 31 December 2019 (2018: Nil).

Refer to note 16 for further detail on the margin lending loans.

On the 5th August 2019, Bell Potter Capital Limited completed the acquisition of two structured products, Equity Lever and Geared Equity Investments from Macquarie Bank, along with the associated clients and loan books and a dedicated product and business development team.

	Consolidated Entity		Parent Entity	
	2019	2018	2019	2018
9 TRADE AND OTHER RECEIVABLES	$	$	$	$
Subordinated note	-	-	33,080,000	20,000,000
Seller note	-	-	9,664,683	38,233,638
Trade receivables	2,537,517	3,463,799	2,537,517	3,463,799
Interest receivable	27,183	49,972	59,929	125,060
Residual income receivable	-	-	3,159,957	1,285,454
Service fee receivable	-	-	47,304	20,657
Sundry Debtors	713,972	-	713,972	-
Carrying amount of trade and other receivables	3,278,672	3,513,771	49,263,362	63,128,608

Trade receivables are non-interest bearing and are normally settled on 2-day term. None of the trade receivables are past due.
For further information relating to related parties refer to note 18.

	Consolidated Entity		Parent Entity	
	2019	2018	2019	2018
10 FINANCIAL ASSETS	$	$	$	$
Held at fair value through profit or loss				
Options held in listed corporations	7,108,880	-	7,108,880	-
	7,108,880	-	7,108,880	-

Financial assets include $7.1m in options acquired as part of the acquisition of Macquarie Structured loan book. The options are held as a hedge against the limited recourse loans issued to client.

	Consolidated Entity		Parent Entity	
	2019	2018	2019	2018
11 INVESTMENTS IN CONTROLLED ENTITIES	$	$	$	$
Investment in Controlled Entities at cost	-	-	20,102	20,102
	-	-	20,102	20,102

12 DEPOSITS AND OTHER BORROWINGS

This note provides information about the contractual terms of the Company's and Group's interest-bearing deposits and borrowings. For more information about the Company's and Group's exposure to interest rates, see note 16.

	Consolidated Entity		Parent Entity	
	2019	2018	2019	2018
	$	$	$	$
Deposits (Cash Account)[1]	635,120	1,644,203	635,120	1,644,203
Subordinated Debt - Bell Financial Group Ltd	8,000,000	8,000,000	8,000,000	8,000,000
Cash advance facility (refer to Note 21)	177,000,000	36,000,000	-	-
Due to Bell Cash Trust[2]	381,795,433	274,796,587	381,795,433	274,796,587
	567,430,553	320,440,790	390,430,553	284,440,790

[1] Borrowings relate to Margin Lending / Cash Account which are largely at call.
[2] Represents funds held (Bell Cash Trust) which are held at call.
For further information relating to related parties refer to Note 18.

Terms and debt repayment schedule

Consolidated:	2019 Effective Interest Rate	2018 Effective Interest Rate	2019 Face Value	2019 Carrying Amount	2018 Face Value	2018 Carrying Amount
Deposits (Cash Account)	0.61%	1.08%	635,120	635,120	1,644,203	1,644,203
Subordinated Debt	2.67%	3.00%	8,000,000	8,000,000	8,000,000	8,000,000
Bell cash trust	0.61%	1.08%	381,795,433	381,795,433	274,796,587	274,796,587
Cash advance facility	2.08%	2.66%	177,000,000	177,000,000	36,000,000	36,000,000
			567,430,553	567,430,553	320,440,790	320,440,790

Parent:	2019 Effective Interest Rate	2018 Effective Interest Rate	2019 Face Value	2019 Carrying Amount	2018 Face Value	2018 Carrying Amount
Deposits (Cash Account)	0.61%	1.08%	635,120	635,120	1,644,203	1,644,203
Subordinated Debt	2.67%	3.00%	8,000,000	8,000,000	8,000,000	8,000,000
Bell cash trust	0.61%	1.08%	381,795,433	381,795,433	274,796,587	274,796,587
			390,430,553	390,430,553	284,440,790	284,440,790

12 DEPOSITS AND OTHER BORROWINGS (continued)

Consolidated Entity — 2019

	Liabilities				Derivatives (assets) / liabilities		Total
	Cash advance facility	Deposits (Cash Account)	Subordinated Debt	Bell cash trust	Interest rate swap contracts used for hedging - assets	Interest rate swap contracts used for hedging - liabilities	
Balance at 1 January	36,000,000	1,644,203	8,000,000	274,796,587	-	74,749	320,515,539
Changes from financing cash flows							
Deposits / (withdrawals) from client cash balances	-	(1,009,083)	-	-	-	-	**(1,009,083)**
Drawdown / (repayment) of borrowings	141,000,000	-	-	106,998,846	-	-	**247,998,846**
Total changes from financing cash flows	141,000,000	(1,009,083)	-	106,998,846	-	-	246,989,763
Changes in fair value					-	305,164	305,164
Other charges							
Liability-related							
Interest expense	1,663,846	422,214	215,014	2,558,140	-	-	**4,859,214**
Interest paid / (payable)	(1,663,846)	(422,214)	(215,014)	(2,558,140)	-	-	**(4,859,214)**
Total liability-related other changes	-	-	-	-	-	-	-
Total equity related other changes							-
Balance at 31 December	177,000,000	635,120	8,000,000	381,795,433	-	379,913	567,810,466

Consolidated Entity — 2018

	Liabilities				Derivatives (assets) / liabilities		Total
	Cash advance facility	Deposits (Cash Account)	Subordinated Debt	Bell cash trust	Interest rate swap contracts used for hedging - assets	Interest rate swap contracts used for hedging - liabilities	
Balance at 1 January	-	3,805,567	8,000,000	313,574,272	-	24,478	325,404,317
Changes from financing cash flows							
Deposits / (withdrawals) from client cash balances	-	(2,161,364)	-	-	-	-	**(2,161,364)**
Drawdown / (repayment) of borrowings	36,000,000	-	-	(38,777,685)	-	-	**(2,777,685)**
Total changes from financing cash flows	36,000,000	(2,161,364)	-	(38,777,685)	-	-	(4,939,049)
Changes in fair value					-	50,271	50,271
Other charges							
Liability-related							
Interest expense	752,007	170,833	240,000	3,253,403	-	-	**4,416,243**
Interest paid / (payable)	(752,007)	(170,833)	(240,000)	(3,253,403)	-	-	**(4,416,243)**
Total liability-related other changes	-	-	-	-	-	-	-
Total equity related other changes							-
Balance at 31 December	36,000,000	1,644,203	8,000,000	274,796,587	-	74,749	320,515,539

Parent Entity — 2019

	Liabilities				Derivatives (assets) / liabilities		Total
	Cash advance facility	Deposits (Cash Account)	Subordinated Debt	Bell Cash trust	Interest rate swap contracts used for hedging - assets	Interest rate swap contracts used for hedging - liabilities	
Balance at 1 January	-	1,644,203	8,000,000	274,796,587	-	63,363	284,504,153
Changes from financing cash flows							
Deposits / (withdrawals) from client cash balances	-	(1,009,083)	-	-	-	-	**(1,009,083)**
Drawdown / (repayment) of borrowings	-	-	-	106,998,846	-	-	**106,998,846**
Total changes from financing cash flows	-	(1,009,083)	-	106,998,846	-	-	105,989,763
Changes in fair value					-	192,299	192,299
Other charges							
Liability-related							
Interest expense	-	422,214	215,014	2,558,140	-	-	**3,195,368**
Interest paid / (payable)	-	(422,214)	(215,014)	(2,558,140)	-	-	**(3,195,368)**
Total liability-related other changes	-	-	-	-	-	-	-
Total equity related other changes							-
Balance at 31 December	-	635,120	8,000,000	381,795,433	-	255,662	390,686,215

Parent Entity — 2018

	Liabilities				Derivatives (assets) / liabilities		Total
	Cash advance facility	Deposits (Cash Account)	Subordinated Debt	Bell Cash trust	Interest rate swap contracts used for hedging - assets	Interest rate swap contracts used for hedging - liabilities	
Balance at 1 January	-	3,805,567	8,000,000	313,574,272	-	19,376	325,399,215
Changes from financing cash flows							
Deposits / (withdrawals) from client cash balances	-	(2,161,364)	-	-	-	-	**(2,161,364)**
Drawdown / (repayment) of borrowings	-	-	-	(38,777,685)	-	-	**(38,777,685)**
Total changes from financing cash flows	-	(2,161,364)	-	(38,777,685)	-	-	(40,939,049)
Changes in fair value					-	43,987	43,987
Other charges							
Liability-related							
Interest expense	-	170,833	240,000	3,253,403	-	-	**3,664,236**
Interest paid / (payable)	-	(170,833)	(240,000)	(3,253,403)	-	-	**(3,664,236)**
Total liability-related other changes	-	-	-	-	-	-	-
Total equity related other changes							-
Balance at 31 December	-	1,644,203	8,000,000	274,796,587	-	63,363	284,504,153

	Consolidated Entity		Parent Entity	
	2019	2018	2019	2018
13 TRADE AND OTHER PAYABLES	$	$	$	$
Trade payables	3,117,782	3,844,549	2,948,115	3,769,341
Interest payable in advance	6,629,199	2,070,000	5,261,884	1,428,350
Sundry creditors and accruals	622,778	708,997	622,778	708,997
Due to related parties	245,980	253,215	246,080	253,315
Carrying amount of trade and other payables	10,615,739	6,876,761	9,078,857	6,160,003

	Consolidated Entity		Parent Entity	
	2019	2018	2019	2018
14 CONTRIBUTED EQUITY AND RESERVES	$	$	$	$
Ordinary shares				
3,000,000 fully paid Ordinary Shares (2018: 3,000,000)	3,000,000	3,000,000	3,000,000	3,000,000
	3,000,000	3,000,000	3,000,000	3,000,000
Cash Flow Hedge Reserve				
At 1 January	(74,749)	(24,478)	(63,363)	(19,376)
Cash flow hedge movement	(305,164)	(50,271)	(192,299)	(43,987)
At 31 December	(379,913)	(74,749)	(255,662)	(63,363)
Retained earnings				
At 1 January	3,295,519	3,049,680	3,295,519	3,049,680
Profit / (loss) for the year	1,847,357	2,245,839	1,847,357	2,245,839
Dividend paid	(1,750,000)	(2,000,000)	(1,750,000)	(2,000,000)
At 31 December	3,392,876	3,295,519	3,392,876	3,295,519

All ordinary shares rank equally with regard to the Company's residual assets.

	Consolidated Entity		Parent Entity	
	2019	2018	2019	2018
15 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES	$	$	$	$
Cash flows from operating activities				
Profit after tax	1,847,357	2,245,839	1,847,357	2,245,839
Adjustments for:				
Net (gain) / loss on investments	1,109,854	-	1,109,854	-
	2,957,211	2,245,839	2,957,211	2,245,839
Changes in assets and liabilities:				
(Increase) / decrease receivables	235,099	(1,310,411)	13,865,246	10,376,076
(Increase) / decrease derivative asset	(103,286)	102,128	(103,286)	102,128
(Increase) / decrease prepayments	(62,500)	-	(62,500)	-
(Increase) / decrease loans and advances	(247,272,599)	(10,028,300)	(119,095,547)	14,263,429
Increase / (decrease) deposits and other borrowings	105,989,763	(40,939,049)	105,989,763	(40,939,049)
Increase / (decrease) payables	4,541,069	3,163,408	3,720,945	3,188,357
Increase / (decrease) derivative liability	(57,454)	57,454	(57,455)	57,455
Increase / (decrease) provisions	(582,425)	119,323	(582,425)	119,323
Net cash flow (used) / provided in operating activities	(134,355,122)	(46,589,608)	6,631,952	(10,586,442)

Reconciliation of cash

For the purpose of the Statements of Cash Flows, cash and cash equivalents comprise the following:

Cash at bank	30,393,716	34,519,663	30,338,989	34,477,862
	30,393,716	34,519,663	30,338,989	34,477,862

16 FINANCIAL INSTRUMENTS

Exposure to credit, liquidity risks and interest rate risks arises in the normal course of the Company's and the Group's business.

Credit risk

Management has a process in place and the exposure to credit risk is monitored on an ongoing basis. The Group requires collateral in respect of margin loans made in the course of business within the Group. This collateral is generally in the form of the underlying security the margin loan is used to invest in. A loan to value ratio (LVR) is determined for each security with regard to market weight, index membership, liquidity, volatility, dividend yield, industry sector and advice from Bell Financial's research department. A risk analyst performs a review of the LVR and the recommendation is submitted to management. Management does not expect any counterparty to fail to meet its obligations. There are no individual loans greater than 10% of the total loans and advance balance.

Clients are provided with early warning of accounts in deficit from 5% up to 10% and clients receive a margin call if their account is in deficit by more than 10%. Margin calls are made based on the end-of-day position but can be made intraday at management's discretion. There were no impaired, past due or renegotiated loans at 31 December 2019 (2018: Nil).

		Consolidated Entity		Parent Entity	
		2019	2018	2019	2018
	Note	$	$	$	$
Subordinated note	9	-	-	33,080,000	20,000,000
Seller note	9	-	-	9,664,683	38,233,638
Trade receivables	9	2,537,517	3,463,799	2,537,517	3,463,799
Interest receivable	9	27,183	49,972	59,929	125,060
Residual income receivable	9	-	-	3,159,957	1,285,454
Service fee receivable	9	-	-	47,304	20,657
Loans and advances	8	543,489,364	-	319,002,417	-

The ageing of the Group's trade receivables at reporting date was:

Ageing of receivables Consolidated Entity:	2019		2018	
	Gross	Impairment	Gross	Impairment
	$	$	$	$
Not past due	2,537,517	-	3,463,799	-
Past Due 0 - 30 Days	-	-	-	-
Past Due 31 - 120 Days	-	-	-	-
More than 1 year	-	-	-	-

Ageing of receivables Parent Entity:	2019		2018	
	Gross	Impairment	Gross	Impairment
	$	$	$	$
Not past due	2,537,517	-	3,463,799	-
Past Due 0 - 30 Days	-	-	-	-
Past Due 31 - 120 Days	-	-	-	-
More than 1 year	-	-	-	-

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. A provision for impairment of trade receivables is established based on lifetime expected credit losses. This assessment is based on past events, current conditions are reasonable and supportable information about future events and economic conditions.

Liquidity risk

The following are the contractual maturities of financial liabilities, excluding impacting of netting agreements.

	Carrying Amount	Contracted Cash flow	6-months or less	6- 12 months	1 - 2 years
	$	$	$	$	$
Consolidated Entity 2019:					
Trade and other payables	10,615,739	(10,615,739)	(10,615,739)	-	-
Deposits (Cash Accounts)	635,120	(635,120)	(635,120)	-	-
Bell cash trust	381,795,433	(381,795,433)	(381,795,433)		
Cash advance facility	177,000,000	(177,000,000)	(177,000,000)	-	-
Subordinated Debt	8,000,000	(8,000,000)	(8,000,000)	-	-
Hedging derivative	379,913	(379,913)	(379,913)	-	-
Foreign currency swap	-	-	-	-	-
Parent Entity 2019:					
Trade and other payables	9,078,857	(9,078,857)	(9,078,857)	-	-
Deposits (Cash Accounts)	635,120	(635,120)	(635,120)	-	-
Bell cash trust	381,795,433	(381,795,433)	(381,795,433)	-	-
Subordinated Debt	8,000,000	(8,000,000)	(8,000,000)	-	-
Hedging derivative	255,662	(255,662)	(255,662)	-	-
Foreign currency swap	-	-	-	-	-

16 FINANCIAL INSTRUMENTS (continued)

	Carrying Amount $	Contracted Cash flow $	6-months or less $	6- 12 months $	1 - 2 years $
Consolidated Entity 2018:					
Trade and other payables	6,876,761	(6,876,761)	(6,876,761)	-	-
Deposits (Cash Accounts)	1,644,203	(1,644,203)	(1,644,203)	-	-
Bell cash trust	274,796,587	(274,796,587)	(274,796,587)	-	-
Cash advance facility	36,000,000	(36,000,000)	(36,000,000)	-	-
Subordinated Debt	8,000,000	(8,000,000)	(8,000,000)	-	-
Hedging derivative	74,749	(74,749)	(74,749)	-	-
Foreign currency swap	57,454	(57,454)	(57,454)	-	-
Parent Entity 2018:					
Trade and other payables	6,160,003	(6,160,003)	(6,160,003)	-	-
Deposits (Cash Accounts)	1,644,203	(1,644,203)	(1,644,203)	-	-
Bell cash trust	274,796,587	(274,796,587)	(274,796,587)	-	-
Subordinated Debt	8,000,000	(8,000,000)	(8,000,000)	-	-
Hedging derivative	63,364	(63,364)	(63,364)	-	-
Foreign currency swap	57,454	(57,454)	(57,454)	-	-

The Group manages liquidity by maintaining reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows and matching up maturity profiles of financial assets and liabilities. Rolling cash projections are used to monitor cash flow requirements and optimise cash returns on investments. A bank facility is also available to be drawn upon in order to meet both short and long-term liquidity requirements.

Interest rate risk

The Group's investments in fixed-rate debt securities and its fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's investments in variable-rate debt securities and its variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. An interest rate swap is used to hedge exposure to fluctuations in interest rates. Changes in the fair value of this derivative hedging instrument are recognised directly in equity to the extent that the hedge is effective. To the extent the hedge is ineffective, changes in the fair value are recognised in the profit and loss.

Short-term receivables and payables are not exposed to interest rate risk.

Effective interest rates

In respect of income-earning financial assets and interest-bearing financial liabilities, the following tables indicate their average effective interest rates at the reporting date and the periods in which they mature.

	Note	Average Effective Interest Rate	Total $	6-months or less $	6- 12 months $	1 - 2 years $	2 - 5 years $
Consolidated Entity 2019:							
Fixed rate instruments							
Loans and advances	8	5.14%	221,752,752	215,041,264	6,711,488	-	-
Cash advance facility	12	2.08%	(177,000,000)	(177,000,000)	-	-	-
			44,752,752	38,041,264	6,711,488	-	-
Variable rate instruments							
Cash and cash equivalents	7	1.17%	30,393,716	30,393,716	-	-	-
Loans and advances	8	5.43%	175,767,042	175,767,042	-	-	-
Subordinated Debt	12	2.67%	(8,000,000)	(8,000,000)	-	-	-
Deposits and other borrowings	12	0.61%	(635,120)	(635,120)	-	-	-
Bell cash trust	12	0.61%	(381,795,433)	(381,795,433)	-	-	-
			(184,269,795)	(184,269,795)	-	-	-

	Note	Average Effective Interest Rate	Total $	6-months or less $	6- 12 months $	1 - 2 years $	2 - 5 years $
Consolidated Entity 2018:							
Fixed rate instruments							
Loans and advances	8	4.44%	96,850,641	92,896,216	704,426	3,250,000	-
Cash advance facility	12	2.66%	(36,000,000)	(36,000,000)	-	-	-
			60,850,641	56,896,216	704,426	3,250,000	-
Variable rate instruments							
Cash and cash equivalents	7	1.50%	34,519,663	34,519,663	-	-	-
Loans and advances	8	5.07%	(96,850,641)	(96,850,641)	-	-	-
Subordinated Debt	12	3.00%	(8,000,000)	(8,000,000)	-	-	-
Deposits and other borrowings	12	1.08%	(1,644,203)	(1,644,203)	-	-	-
Bell cash trust	12	1.08%	(274,796,587)	(274,796,587)	-	-	-
			(346,771,768)	(346,771,768)	-	-	-

16 FINANCIAL INSTRUMENTS (continued)
Effective interest rates (continued)

	Note	Average Effective Interest Rate	Total $	6-months or less $	6- 12 months $	1 - 2 years $	2 - 5 years $
Parent Entity 2019:							
Fixed rate instruments							
Loans and advances	8	5.14%	155,687,815	148,976,327	6,711,488	-	-
			155,687,815	148,976,327	6,711,488	-	-
Variable rate instruments							
Cash and cash equivalents	7	1.17%	30,338,989	30,338,989	-	-	-
Loans and advances	8	5.43%	17,345,032	17,345,032	-	-	-
Subordinated note	9	1.48%	33,080,000	33,080,000	-	-	-
Seller note	9	1.48%	9,664,683	9,664,683	-	-	-
Subordinated Debt	12	2.67%	(8,000,000)	(8,000,000)	-	-	-
Deposits and other borrowings	12	0.61%	(635,120)	(635,120)	-	-	-
Bell cash trust	12	0.61%	(381,795,433)	(381,795,433)	-	-	-
			(300,001,849)	(300,001,849)	-	-	-

	Note	Average Effective Interest Rate	Total $	6-months or less $	6- 12 months $	1 - 2 years $	2 - 5 years $
Parent Entity 2018:							
Fixed rate instruments							
Loans and advances	8	4.44%	68,539,644	64,585,218	704,426	3,250,000	-
			68,539,644	64,585,218	704,426	3,250,000	-
Variable rate instruments							
Cash and cash equivalents	7	1.50%	34,477,862	34,477,862	-	-	-
Loans and advances	8	5.07%	(68,539,644)	(68,539,644)	-	-	-
Subordinated note	9	1.94%	20,000,000	20,000,000	-	-	-
Seller note	9	1.94%	38,233,638	38,233,638	-	-	-
Subordinated Debt	12	3.00%	(8,000,000)	(8,000,000)	-	-	-
Deposits and other borrowings	12	1.08%	(1,644,203)	(1,644,203)	-	-	-
Bell cash trust	12	1.08%	(274,796,587)	(274,796,587)	-	-	-
			(260,268,934)	(260,268,934)	-	-	-

Sensitivity analysis
Interest rate risk
In managing interest rate risk the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in interest rates will have an impact on profit or loss.

At 31 December 2019, it is estimated that a general decrease of one-percentage point in interest rates would decrease the Group's profit before income tax by approximately $0.3 million (2018: $0.34 million). For the Company, the impact of a one-percentage point decrease in interest rates would be a decrease to profit before income tax by approximately $0.3 million (2018: $0.34 million). A general increase of one-percentage point in interest rates would have an equal but opposite effect.

16 FINANCIAL INSTRUMENTS (continued)

Fair value of fixed loans (continued)

(a) Accounting classifications and fair values

The following table shows the carrying over amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Consolidated Entity:

31 DECEMBER 2019		CARRYING AMOUNT							FAIR VALUE			
	NOTE	HELD-FOR-TRADING	DESIGNATED AT FAIR VALUE	FAIR VALUE - HEDGING INSTRUMENTS	HELD TO MATURITY	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
		$	$	$	$	$	$	$	$	$	$	$
Financial assets measured at fair value												
Currency swaps		-	103,286	-	-	-	-	103,286	-	103,286	-	103,286
Loans and advances	8	-	-	-	-	145,969,570	-	145,969,570	-	-	145,969,570	145,969,570
		-	103,286	-	-	145,969,570	-	146,072,856	-	103,286	145,969,570	146,072,856
Financial assets not measured at fair value												
Trade and other receivables	9	-	-	-	-	3,278,672	-	3,278,672	-	-	-	-
Cash and cash equivalents	7	-	-	-	-	30,393,716	-	30,393,716	-	-	-	-
Loans and advances	8	-	-	-	-	397,519,794	-	397,519,794	-	-	-	-
		-	-	-	-	431,192,182	-	431,192,182	-	-	-	-
Financial liabilities measured at fair value												
Interest rate swaps used for hedging	16	-	-	379,913	-	-	-	379,913	-	379,913	-	379,913
Foreign currency swap	16	-	-	-	-	-	-	-	-	-	-	-
		-	-	379,913	-	-	-	379,913	-	379,913	-	379,913
Financial liabilities not measured at fair value												
Trade payables	13	-	-	-	-	-	10,337,290	10,337,290	-	-	-	-
Deposits and borrowings	12	-	-	-	-	-	567,430,553	567,430,553	-	-	-	-
		-	-	-	-	-	577,767,843	577,767,843	-	-	-	-

31 DECEMBER 2018		CARRYING AMOUNT							FAIR VALUE			
	NOTE	HELD-FOR-TRADING	DESIGNATED AT FAIR VALUE	FAIR VALUE - HEDGING INSTRUMENTS	HELD TO MATURITY	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
		$	$	$	$	$	$	$	$	$	$	$
Financial assets not measured at fair value												
Trade and other receivables	9	-	-	-	-	3,513,771	-	3,513,771	-	-	-	-
Cash and cash equivalents	7	-	-	-	-	34,519,663	-	34,519,663	-	-	-	-
Loans and advances	8	-	-	-	-	296,216,765	-	296,216,765	-	-	-	-
		-	-	-	-	334,250,199	-	334,250,199	-	-	-	-
Financial liabilities measured at fair value												
Interest rate swaps used for hedging	16	-	-	74,749	-	-	-	74,749	-	74,749	-	74,749
Foreign currency swap	16	-	-	57,454	-	-	-	57,454	-	57,454	-	57,454
		-	-	132,203	-	-	-	132,203	-	132,203	-	132,203
Financial liabilities not measured at fair value												
Trade payables	13	-	-	-	-	-	6,689,963	6,689,963	-	-	-	-
Deposits and borrowings	12	-	-	-	-	-	320,440,790	320,440,790	-	-	-	-
		-	-	-	-	-	327,130,753	327,130,753	-	-	-	-

16 FINANCIAL INSTRUMENTS (continued)

Fair value of fixed loans (continued)
(a) Accounting classifications and fair values (continued)

Parent Entity:

31 DECEMBER 2019		CARRYING AMOUNT							FAIR VALUE			
	NOTE	HELD-FOR-TRADING	DESIGNATED AT FAIR VALUE	FAIR VALUE - HEDGING INSTRUMENTS	HELD TO MATURITY	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
		$	$	$	$	$	$	$	$	$	$	$
Financial assets measured at fair value												
Currency swaps		-	103,286	-	-	-	-	103,286	-	103,286	-	103,286
Loans and advances	8	-	-	-	-	145,969,570	-	145,969,570	-	-	145,969,570	145,969,570
		-	103,286	-	-	145,969,570	-	146,072,856	-	103,286	145,969,570	146,072,856
Financial assets not measured at fair value												
Trade and other receivables	9	-	-	-	-	49,263,362	-	49,263,362	-	-	-	-
Cash and cash equivalents	7	-	-	-	-	30,338,989	-	30,338,989	-	-	-	-
Loans and advances	8	-	-	-	-	173,032,847	-	173,032,847	-	-	-	-
		-	-	-	-	252,635,198	-	252,635,198	-	-	-	-
Financial liabilities measured at fair value												
Interest rate swaps used for hedging	16	-	-	255,662	-	-	-	255,662	-	255,662	-	255,662
Foreign currency swap	16	-	-	-	-	-	-	-	-	-	-	-
		-	-	255,662	-	-	-	255,662	-	255,662	-	255,662
Financial liabilities not measured at fair value												
Trade payables	13	-	-	-	-	-	8,970,075	8,970,075	-	-	-	-
Deposits and borrowings	12	-	-	-	-	-	390,430,553	390,430,553	-	-	-	-
		-	-	-	-	-	399,400,628	399,400,628	-	-	-	-

31 DECEMBER 2018		CARRYING AMOUNT							FAIR VALUE			
	NOTE	HELD-FOR-TRADING	DESIGNATED AT FAIR VALUE	FAIR VALUE - HEDGING INSTRUMENTS	HELD TO MATURITY	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
		$	$	$	$	$	$	$	$	$	$	$
Financial assets not measured at fair value												
Trade and other receivables	9	-	-	-	-	63,128,608	-	63,128,608	-	-	-	-
Cash and cash equivalents	7	-	-	-	-	34,477,862	-	34,477,862	-	-	-	-
Loans and advances	8	-	-	-	-	199,906,870	-	199,906,870	-	-	-	-
		-	-	-	-	297,513,340	-	297,513,340	-	-	-	-
Financial liabilities measured at fair value												
Interest rate swaps used for hedging	16	-	-	63,364	-	-	-	63,364	-	63,364	-	63,364
Foreign currency swap	16	-	-	57,454	-	-	-	57,454	-	57,454	-	57,454
		-	-	120,818	-	-	-	120,818	-	120,818	-	120,818
Financial liabilities not measured at fair value												
Trade payables	13	-	-	-	-	-	6,048,414	6,048,414	-	-	-	-
Deposits and borrowings	12	-	-	-	-	-	284,440,790	284,440,790	-	-	-	-
		-	-	-	-	-	290,489,204	290,489,204	-	-	-	-

(b) Accounting classifications and fair values

The following shows the valuation techniques used in measuring level 1, 2 and Level 3 values, as well as the significant unobservable inputs used.

Level 2 – Interest Rate swaps – The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.
Level 2 - Currency swaps – the fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high quality yield curves in the respective currencies.
Level 3 - Loans and advances – the fair value is based on the option value used to mitigate the risk on the limited recourse margin loans and the interest rate implicit in the loan.

Carrying amounts of financial instruments are deemed to be a reasonable approximation of fair value due to their short term nature.

There were no reclassifications on the fair value levels during the years ended 31 December 2019 and 2018.

17 LOANS TO KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

Key management personnel are defined as the Directors of the Company and their related parties.

Details regarding loans outstanding at the reporting date to key management personnel and their related parties are as follows:

	Balance 1 January 2019 $	Balance 31 December 2019 $	Interest paid and (payable) in the period $	Highest balance in period $
Andrew Bell	300,000	300,000	13,586	634,765
Colin Bell	373,315	562,221	19,828	661,645
Lewis Bell	475,515	-	11,983	806,087
Dean Davenport	100,479	126,449	4,703	191,662
Rowan Fell	837,786	1,060,559	37,865	1,226,823
Craig Coleman	952,734	791,104	32,712	1,148,966

	Balance 1 January 2018 $	Balance 31 December 2018 $	Interest paid and (payable) in the period $	Highest balance in period $
Andrew Bell	300,000	300,000	13,092	473,283
Colin Bell	1,292,752	373,315	45,596	2,403,008
Lewis Bell	539,027	475,515	25,639	1,140,754
Dean Davenport	84,024	100,479	3,948	124,651
Rowan Fell	583,958	837,786	42,050	1,119,179
Craig Coleman	1,009,222	952,734	35,607	1,048,850

Loans totalling $2,840,333 (2018: $3,039,829) were made to key management personnel and their related parties during the year. The recipients of these loans were Colin Bell, Andrew Bell, Dean Davenport, Rowan Fell, Lewis Bell and Craig Coleman. The loans represent margin loans held with the Company. Interest is payable at prevailing market rates. Related parties also have deposits on normal terms and conditions.

Details regarding the aggregate of loans made, guaranteed or secured by any entity in the group to key management personnel and their related parties, and the number of individuals in each Group, are as follows:

	Opening Balance $	Closing Balance $	Interest paid and (payable) in the period $	Number in Group at 31 December
Total for key management personnel 2019	3,039,828	2,840,333	120,677	42
Total for key management personnel 2018	3,808,983	3,039,829	165,931	36
Total for other related parties 2019	-	-	-	-
Total for other related parties 2018	-	-	-	-
Total for key management personnel and their related parties 2019	3,039,828	2,840,333	120,677	42
Total for key management personnel and their related parties 2018	3,808,983	3,039,829	165,931	36

Interest is payable at prevailing market rates on all loans to key management persons and their related parties. These rates are available to all clients and may vary marginally depending on individual negotiations. The principal amounts are repayable per terms agreed on an individual basis. Interest received on the loans totalled $120,677 (2018: $165,931). No amounts have been written-down or recorded as allowances for impairment, as the balances are considered fully collectible.

18 RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of Bell Potter Capital and its controlled entities listed in the following table:

Name	Country of Incorporation	% Equity Interest 2019	% Equity Interest 2018	Investment 2019 $	Investment 2018 $
BPC Securities Pty Ltd	Australia	100%	100%	20,002	20,002
BPC Custody Pty Ltd	Australia	100%	100%	100	100
The Bell Potter Master Trust[1]	-	-	-	-	-
				20,102	20,102

[1] Bell Potter Capital Limited is the sole residual income unitholder of The Bell Potter Margin Loan Trust ("Trust"). The Company consolidates the Trust as it has the majority of risks and benefits, and ownership of the residual interest.

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year (for information regarding outstanding balances at year end, refer to note 9 and 12).

Related Parties		Amounts owed by related parties $	Amounts owed to related parties $	Interest received / (paid) $
Parent Entity				
Bell Financial Group Ltd	2019	-	(8,052,473)	(215,014)
	2018	-	(8,121,666)	(240,000)
Bell Potter Securities Limited	2019	-	(193,608)	-
	2018	-	(131,649)	-
Bell Potter Margin Loan Trust	2019	42,824,732	-	1,055,012
	2018	58,329,382	-	888,243
Consolidated Entity				
Bell Financial Group Ltd	2019	-	(8,052,473)	(215,014)
	2018	-	(8,121,666)	(240,000)
Bell Potter Securities Limited	2019	-	(193,508)	-
	2018	-	(131,549)	-

The ultimate parent entity of Bell Potter Capital Limited is Bell Financial Group Ltd.
The loan made by the Company to Bell Potter Margin Loan Trust represents a subordinated note and a seller series note that attracts interest at 1.48% per annum (2018: 1.94% per annum).
The loan made from Bell Financial Group Ltd to the Company represents a subordinated loan that attracts interest at 2.67% per annum (2018: 3.00% per annum).
Other related party amounts are unsecured. Interest has been waived for the financial year (2018: Nil).
There are no fixed terms for the related party loans and repayments are on call.

19 AUDITORS REMUNERATION

	Consolidated Entity 2019 $	Consolidated Entity 2018 $	Parent Entity 2019 $	Parent Entity 2018 $
Amounts due to KPMG for:				
Audit of the financial report	31,000	31,000	20,000	20,000
Other services				
- audit required by regulators	23,000	13,000	22,000	12,000
	54,000	44,000	42,000	32,000

20 REMUNERATION OF DIRECTORS

(a) The directors of Bell Potter Capital Limited during the financial year and to the date of this report were:

Name:	Position:	Date Appointed:
D A Provan	Executive Chairman	July 2001
C M Bell	Director	July 2001
L M Bell	Director	July 2001
A G Bell	Director	July 2001
R Fell	Director	November 2007
D A Davenport	Director	November 2007
C Coleman	Director	November 2007

(b) Compensation of key management personnel	2019 $	2018 $
Short-term employee benefits	912,055	663,325
Other long-term employee benefits	34,269	32,999
Post employment benefits	33,676	33,676
	980,000	730,000

Key management personnel compensation disclosed above has been determined based on management's allocation of work effort across each of the Bell Financial Group entities.

21 FINANCING ARRANGEMENTS	Consolidated Entity 2019 $	Consolidated Entity 2018 $	Parent Entity 2019 $	Parent Entity 2018 $
The Company has access to the following lines of credit:				
Cash advance facility	250,000,000	100,000,000	-	-
Indemnity/Guarantee facility	1,000,000	1,000,000	-	-
Subordinated Debt facility	15,000,000	15,000,000	15,000,000	15,000,000
Facilities utilised at balance date:				
Cash advance facility	177,000,000	36,000,000	-	-
Indemnity/Guarantee facility	1,000,000	1,000,000	-	-
Subordinated Debt facility	8,000,000	8,000,000	8,000,000	8,000,000

22 DIVIDENDS

Declared and paid during the year	Cents per Share	Total Amount $	Franked / Unfranked	Date of Payment
2019				
Company				
2019 Interim Dividend	0.25	750,000	Fully Franked	26 August 2019
2019 Final Dividend	-	-		-
2018				
Company				
2018 Interim Dividend	0.33	1,000,000	Fully Franked	24 August 2018
2018 Final Dividend	0.33	1,000,000	Fully Franked	18 March 2019

23 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In the event that any contingent liabilities result in a loss, Bell Financial Group Limited has agreed to indemnify the Group.

At 31 December 2019, Bell Potter Capital Limited had no significant contingent liabilities or assets.

24 GUARANTEES

The Group has provided financial guarantees in the ordinary course of business which amount to $1,000,000 (2018: $1,000,000) and are not recorded in the Statement of Financial Position as at 31 December 2019.

25 SUBSEQUENT EVENTS

There were no significant events from 31 December 2019 to the date of this report.

Directors' Declaration

In the opinion of the Directors of Bell Potter Capital Limited:

(a) the financial statements and notes that are set out on pages 6 to 29 are in accordance with the Corporations Act 2001, including;

(i) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and

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

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

The Directors draw attention to note 1(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Dean Davenport
Director

Melbourne
Date: 20 February 2020