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

ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2020

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 2020.

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	Ceased 20 February 2020
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 2020 was $4,372,925 (2019: $2,642,213).
The Company's profit before income tax for the year ended 31 December 2020 was $4,372,925 (2019: $2,642,213).
The Group's profit after income tax for the year ended 31 December 2020 was $3,058,288 (2019: $1,847,357).
The Company's profit after income tax for the year ended 31 December 2020 was $3,058,288 (2019: $1,847,357).

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

There were no significant changes in the nature of the Company's activities or its state of affairs during the year. The Company will continue to pursue its strategy of developing and building the margin lending and cash businesses in future.

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

At the date of issue of this financial report, the impact of COVID-19 on the Group has not been material. The future impact on global and domestic economies and investment market indicies is uncertain and the Group continues to monitor this situation.

DIVIDENDS

Dividends declared and paid by the Group and the Company during the financial year were $2,500,000 (2019: $1,750,000) (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 Group's operations, the results of those operations or the Company's state of affairs, in future financial years.

INDEMNIFICATION

The Group'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 Group.

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.

ENVIRONMENTAL REGULATION

The operations of the Group are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

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 2020.

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 17 February 2021 in accordance with a resolution of the Directors:

This report is made on 17 February 2021 in accordance with a resolution of the Directors:

Dean Davenport
Director

Melbourne
17 February 2021

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 2020 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

Chris Wooden

Partner

Melbourne

17 February 2021

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 2020 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:

- Statement of financial position as at 31 December 2020;
- Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

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

Basis for opinion

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

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

We are independent of the Group 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.

KPMG

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: 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

17 February 2021

BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated Entity		Parent Entity	
		2020	2019	2020	2019
		$	$	$	$
Finance income	5 (a)	23,652,663	21,612,781	15,884,638	15,110,575
Finance costs	5 (b)	(4,726,952)	(6,283,929)	(2,735,312)	(3,316,237)
Total finance income		18,925,711	15,328,852	13,149,326	11,794,338
Investment losses	5 (c)	(4,252,652)	(2,603,364)	(4,252,652)	(2,603,364)
Other income	5 (d)	39,533	2,060	5,850,842	3,521,920
Total revenue		14,712,592	12,727,548	14,747,516	12,712,894
Management fees		(4,568,744)	(3,293,333)	(4,568,744)	(3,293,333)
Commission paid		(3,790,951)	(3,892,572)	(3,790,951)	(3,892,572)
System expenses		(928,035)	(1,687,605)	(928,035)	(1,687,605)
Professional expenses		(415,048)	(815,946)	(421,048)	(807,344)
Other expenses	5 (d)	(636,889)	(395,879)	(665,813)	(389,827)
Profit before income tax		4,372,925	2,642,213	4,372,925	2,642,213
Income tax expense	6	(1,314,637)	(794,856)	(1,314,637)	(794,856)
Profit for the year		3,058,288	1,847,357	3,058,288	1,847,357
Attributable to:					
Equity holders of the Company		3,058,288	1,847,357	3,058,288	1,847,357
Profit for the year		3,058,288	1,847,357	3,058,288	1,847,357

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 2020

	Consolidated Entity		Parent Entity	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Profit for the year	3,058,288	1,847,357	3,058,288	1,847,357
Other comprehensive income				
Changes in fair value of cash flow hedge	141,647	(305,164)	60,592	(192,299)
Other comprehensive income for the year, net of tax	141,647	(305,164)	60,592	(192,299)
Total comprehensive income for the year	3,199,935	1,542,193	3,118,880	1,655,058
Attributable to:				
Equity holders of the company	3,199,935	1,542,193	3,118,880	1,655,058
Total comprehensive income for the year	3,199,935	1,542,193	3,118,880	1,655,058

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 2020

		Consolidated Entity		Parent Entity	
		2020	2019	2020	2019
		$	$	$	$
ASSETS					
Cash and cash equivalents	7	21,920,923	30,393,716	21,835,848	30,338,989
Loans and advances	8	469,076,227	543,489,364	297,345,142	319,002,417
Trade and other receivables	9	5,618,145	3,278,672	136,742,186	49,263,362
Financial Assets	10	4,647,771	7,108,880	4,647,771	7,108,880
Derivative assets	16	104,790	103,286	104,790	103,286
Deferred tax asset	6	781,978	-	781,978	-
Prepayments		65,450	65,250	65,450	65,250
Investment in Controlled Entities	11	-	-	20,102	20,102
TOTAL ASSETS		502,215,284	584,439,168	461,543,267	405,902,286
LIABILITIES					
Deposits and other borrowings	12	485,475,486	567,430,553	445,475,486	390,430,553
Derivative liabilities	16	238,266	379,913	195,070	255,662
Trade and other payables	13	9,788,634	10,615,739	9,116,617	9,078,857
Provisions		-	-	-	-
TOTAL LIABILITIES		495,502,386	578,426,205	454,787,173	399,765,072
NET ASSETS		6,712,898	6,012,963	6,756,094	6,137,214
EQUITY					
Contributed equity	14	3,000,000	3,000,000	3,000,000	3,000,000
Cash flow hedge reserve	14	(238,266)	(379,913)	(195,070)	(255,662)
Retained earnings	14	3,951,164	3,392,876	3,951,164	3,392,876
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		6,712,898	6,012,963	6,756,094	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 CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share Capital $	Cash Flow Hedge Reserve $	Retained Earnings $	Total Equity $
Consolidated Entity:				
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
Balance at 1 January 2020	3,000,000	(379,913)	3,392,876	6,012,963
Total comprehensive income				
Profit for the year	-	-	3,058,288	3,058,288
Other comprehensive income				
Changes in fair value of cash flow hedge	-	141,647	-	141,647
Total other comprehensive income	-	141,647	-	141,647
Total comprehensive income for the year	-	141,647	3,058,288	3,199,935
Transactions with owners, directly in equity				
Dividends	-	-	(2,500,000)	(2,500,000)
Balance at 31 December 2020	3,000,000	(238,266)	3,951,164	6,712,898
Parent Entity:				
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
Balance at 1 January 2020	3,000,000	(255,662)	3,392,876	6,137,214
Total comprehensive income				
Profit for the year	-	-	3,058,288	3,058,288
Other comprehensive income				
Changes in fair value of cash flow hedge	-	60,592	-	60,592
Total other comprehensive income	-	60,592	-	60,592
Total comprehensive income for the year	-	60,592	3,058,288	3,118,880
Transactions with owners, directly in equity				
Dividends	-	-	(2,500,000)	(2,500,000)
Balance at 31 December 2020	3,000,000	(195,070)	3,951,164	6,756,094

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 2020

	Consolidated Entity		Parent Entity	
	2020	2019	2020	2019
	$	$	$	$
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES				
Cash receipts in the course of operations	130,023,564	105,277,851	(2,083,290)	122,385,516
Cash payments in the course of operations[1]	(10,425,566)	(259,543,813)	(10,331,151)	(131,446,573)
Interest received	20,100,694	26,120,178	12,986,563	19,012,536
Interest paid	(4,176,543)	(6,209,338)	(2,080,321)	(3,319,527)
Net cash flows from / (used in) operating activities	135,522,149	(134,355,122)	(1,508,199)	6,631,952
CASH FLOW FROM INVESTING ACTIVITIES				
Payment for investments	(2,514,674)	(8,218,734)	(2,514,674)	(8,218,734)
Net cash flows used in investing activities	(2,514,674)	(8,218,734)	(2,514,674)	(8,218,734)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES				
Repayment of intercompany borrowings	(1,980,268)	(802,091)	(1,980,268)	(802,091)
Drawdown of borrowings	(137,000,000)	141,000,000	-	-
Dividend paid	(2,500,000)	(1,750,000)	(2,500,000)	(1,750,000)
Net cash flows from / (used in) financing activities	(141,480,268)	138,447,909	(4,480,268)	(2,552,091)
NET INCREASE / (DECREASE) IN CASH HELD	(8,472,793)	(4,125,947)	(8,503,141)	(4,138,873)
Cash and cash equivalents at 1 January	30,393,716	34,519,663	30,338,989	34,477,862
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	21,920,923	30,393,716	21,835,848	30,338,989

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 2020 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 17 February 2021.

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 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 applies the new general hedge accounting model in AASB 9 *Financial Instruments* (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 on the next page:

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.

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
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 2020 (2019: 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 2020.

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 2020.

iii. Hedge accounting

The Group adopts 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.

(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 2020, 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.

- *Onerous contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)*
- *Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, ISA 39, IFRS 7, IFRS 4 and IFRS 16)*
- *COVID-19 Related Rent Concessions (Amendment to IFRS 16)*
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)*
- *Reference to Conceptual Framework (Amendments to IFRS 3)*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*

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 2020 (2019: Nil) (refer to note 16).

Financial assets
The fair value of options is determined using the Black Sholes option-pricing model.

Determination of fair value for loans 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.

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.

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.

3 FINANCIAL RISK MANAGEMENT (continued)

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.

Financial assets and loans at fair value through profit or loss

The fair value of options is determined using the Black Scholes option-pricing model.

5 REVENUE AND EXPENSES

	Consolidated Entity		Parent Entity	
	2020	**2019**	**2020**	**2019**
(a) Finance income:	**$**	**$**	**$**	**$**
Interest income on loans and advances	23,257,454	20,969,253	15,064,373	13,413,305
Interest income on bank deposits	395,209	643,528	395,109	642,258
Seller series interest revenue	-	-	293,285	699,410
Subordinated note interest revenue	-	-	131,871	355,602
Total finance income	23,652,663	21,612,781	15,884,638	15,110,575

	Consolidated Entity		Parent Entity	
	2020	**2019**	**2020**	**2019**
(b) Finance costs:	**$**	**$**	**$**	**$**
Interest expense on deposits	(1,214,880)	(2,567,582)	(1,214,880)	(2,567,582)
Bank interest expense	(1,628,608)	(599,830)	(1,387,150)	(533,641)
Interest paid to related parties	(133,282)	(215,014)	(133,282)	(215,014)
Cash advance facility fees	(1,750,182)	(2,901,503)	-	-
Total finance costs	(4,726,952)	(6,283,929)	(2,735,312)	(3,316,237)

5 REVENUE AND EXPENSES (continued)

	Consolidated Entity		Parent Entity	
	2020	2019	2020	2019
(c) Investment gains / (losses)	$	$	$	$
Profit / (loss) on financial assets held at fair value through profit or loss - Geared equity investments[1]	(4,252,652)	(2,603,364)	(4,252,652)	(2,603,364)
	(4,252,652)	(2,603,364)	(4,252,652)	(2,603,364)

1. 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.

	Consolidated Entity		Parent Entity	
	2020	2019	2020	2019
(d) Other income	$	$	$	$
Service fee revenue	-	-	452,393	359,804
Residual income	-	-	5,358,816	3,159,957
Sundry income	39,533	2,060	39,633	2,159
Total other income	39,533	2,060	5,850,842	3,521,920

	Consolidated Entity		Parent Entity	
	2020	2019	2020	2019
6 INCOME TAX	$	$	$	$
Current tax expense				
Current income tax charge	1,355,655	794,856	1,355,655	794,856
Deferred income tax				
Origination and reversal of temporary differences	(41,018)	-	(41,018)	-
Total income tax expense / (benefit)	1,314,637	794,856	1,314,637	794,856
Numerical reconciliation between tax expense and pre-tax accounting profit				
Accounting profit (before income tax)	4,372,925	2,642,213	4,372,925	2,642,213
Income tax using the Company's domestic tax rate of 30% (2019: 30%)	1,311,878	792,664	1,311,878	792,664
Expenditure not allowable for income tax purposes	2,759	2,192	2,759	2,192
Income tax expense	1,314,637	794,856	1,314,637	794,856

	Balance as at 1 January	Recognised in profit or loss	Balance at 31 December
Balance Sheet			
Consolidated Entity	$ '000	$ '000	$ '000
Deferred income tax assets / (liabilities) comprises			
2020			
Other	-	781,978	781,978
	-	781,978	781,978
Parent Entity	$ '000	$ '000	$ '000
Deferred income tax assets / (liabilities) comprises			
2020			
Other	-	781,978	781,978
	-	781,978	781,978

	Consolidated Entity		Parent Entity	
	2020	2019	2020	2019
7 CASH AND CASH EQUIVALENTS	$	$	$	$
Cash at bank	21,920,923	30,393,716	21,835,848	30,338,989
	21,920,923	30,393,716	21,835,848	30,338,989

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	
	2020	2019	2020	2019
8 LOANS AND ADVANCES	$	$	$	$
Margin Loans measured at amortised cost	408,928,247	397,519,794	237,197,162	173,032,847
Margin Loans measured at fair value though profit and loss	60,147,980	145,969,570	60,147,980	145,969,570
	469,076,227	543,489,364	297,345,142	319,002,417

There were no impaired, past due or renegotiated loans at 31 December 2020 (2019: Nil).

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

9 TRADE AND OTHER RECEIVABLES

	Consolidated Entity 2020 $	Consolidated Entity 2019 $	Parent Entity 2020 $	Parent Entity 2019 $
Subordinated note	-	-	39,080,000	33,080,000
Seller note	-	-	86,639,136	9,664,683
Trade receivables	5,608,393	2,537,517	5,608,393	2,537,517
Interest receivable	8,673	27,183	18,469	59,929
Residual income receivable	-	-	5,358,816	3,159,957
Service fee receivable	-	-	36,293	47,304
Sundry Debtors	1,079	713,972	1,079	713,972
Carrying amount of trade and other receivables	5,618,145	3,278,672	136,742,186	49,263,362

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.

10 FINANCIAL ASSETS

	Consolidated Entity 2020 $	Consolidated Entity 2019 $	Parent Entity 2020 $	Parent Entity 2019 $
Held at fair value through profit or loss				
Options held in listed corporations	4,647,771	7,108,880	4,647,771	7,108,880
	4,647,771	7,108,880	4,647,771	7,108,880

Options held as a hedge against limited recourse loans to clients under the Bell Geared Equities Investments product.

11 INVESTMENTS IN CONTROLLED ENTITIES

	Consolidated Entity 2020 $	Consolidated Entity 2019 $	Parent Entity 2020 $	Parent Entity 2019 $
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 2020 $	Consolidated Entity 2019 $	Parent Entity 2020 $	Parent Entity 2019 $
Deposits (Cash Account)[1]	614,740	635,120	614,740	635,120
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)[2]	40,000,000	177,000,000	-	-
Bell Financial Trust (previously known as the Bell Cash Trust)[3]	436,860,746	381,795,433	436,860,746	381,795,433
	485,475,486	567,430,553	445,475,486	390,430,553

[1] Borrowings relate to Margin Lending / Cash Account which are largely at call.
[2] Represents drawn funds from the Bell Potter Capital cash advance facility of $100m (2019: $250m).
[3] Represents funds held on behalf of Bell Potter Capital in the Bell Financial Trust (previously known as 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:	2020 Effective Interest Rate	2019 Effective Interest Rate	2020 Face Value	2020 Carrying Amount	2019 Face Value	2019 Carrying Amount
Deposits (Cash Account)	0.18%	0.61%	614,740	614,740	635,120	635,120
Subordinated Debt	1.82%	2.67%	8,000,000	8,000,000	8,000,000	8,000,000
Bell Financial Trust (previously known as the Bell Cash Trust)	0.18%	0.61%	436,860,746	436,860,746	381,795,433	381,795,433
Cash advance facility	1.35%	2.08%	40,000,000	40,000,000	177,000,000	177,000,000
			485,475,486	485,475,486	567,430,553	567,430,553

Parent:	2020 Effective Interest Rate	2019 Effective Interest Rate	2020 Face Value	2020 Carrying Amount	2019 Face Value	2019 Carrying Amount
Deposits (Cash Account)	0.18%	0.61%	614,740	614,740	635,120	635,120
Subordinated Debt	1.82%	2.67%	8,000,000	8,000,000	8,000,000	8,000,000
Bell Financial Trust	0.18%	0.61%	436,860,746	436,860,746	381,795,433	381,795,433
			445,475,486	445,475,486	390,430,553	390,430,553

12 DEPOSITS AND OTHER BORROWINGS (continued)

	2020							2019						
Consolidated Entity	**Liabilities**				**Derivatives (assets) / liabilities**		**Total**	**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**		**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	**177,000,000**	**635,120**	**8,000,000**	**381,795,433**	**-**	**379,913**	**567,810,466**	**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	-	(20,380)	-	-	-	-	**(20,380)**	-	(1,009,083)	-	-	-	-	**(1,009,083)**
Drawdown / (repayment) of borrowings	(137,000,000)	-	-	55,065,313	-	-	**(81,934,687)**	141,000,000	-	-	106,998,846	-	-	**247,998,846**
Total changes from financing cash flows	**(137,000,000)**	**(20,380)**	**-**	**55,065,313**	**-**	**-**	**(81,955,067)**	**141,000,000**	**(1,009,083)**	**-**	**106,998,846**	**-**	**-**	**246,989,763**
Changes in fair value					238,266	(379,913)	**(141,647)**					-	305,164	**305,164**
Other charges														
Liability-related														
Interest expense	611,785	1,249,097	133,282	1,214,880	-	-	**3,209,044**	1,663,846	422,214	215,014	2,558,140	-	-	**4,859,214**
Interest paid / (payable)	(611,785)	(1,249,097)	(133,282)	(1,214,880)	-	-	**(3,209,044)**	(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	**40,000,000**	**614,740**	**8,000,000**	**436,860,746**	**238,266**	**-**	**485,713,752**	**177,000,000**	**635,120**	**8,000,000**	**381,795,433**	**-**	**379,913**	**567,810,466**

	2020							2019						
Parent Entity	**Liabilities**				**Derivatives (assets) / liabilities**		**Total**	**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**		**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	**-**	**635,120**	**8,000,000**	**381,795,433**	**-**	**255,662**	**390,686,215**	**-**	**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	-	(20,380)	-	-	-	-	**(20,380)**	-	(1,009,083)	-	-	-	-	**(1,009,083)**
Drawdown / (repayment) of borrowings	-	-	-	55,065,313	-	-	**55,065,313**	-	-	-	106,998,846	-	-	**106,998,846**
Total changes from financing cash flows	**-**	**(20,380)**	**-**	**55,065,313**	**-**	**-**	**55,044,933**	**-**	**(1,009,083)**	**-**	**106,998,846**	**-**	**-**	**105,989,763**
Changes in fair value					-	(60,592)	**(60,592)**					-	192,299	**192,299**
Other charges														
Liability-related														
Interest expense	-	1,249,097	133,282	1,214,880	-	-	**2,597,259**	-	422,214	215,014	2,558,140	-	-	**3,195,368**
Interest paid / (payable)	-	(1,249,097)	(133,282)	(1,214,880)	-	-	**(2,597,259)**	-	(422,214)	(215,014)	(2,558,140)	-	-	**(3,195,368)**
Total liability-related other changes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total equity related other changes							**-**							**-**
Balance at 31 December	**-**	**614,740**	**8,000,000**	**436,860,746**	**-**	**195,070**	**445,670,556**	**-**	**635,120**	**8,000,000**	**381,795,433**	**-**	**255,662**	**390,686,215**

13 TRADE AND OTHER PAYABLES

	Consolidated Entity 2020 $	Consolidated Entity 2019 $	Parent Entity 2020 $	Parent Entity 2019 $
Trade payables	5,977,977	3,117,782	5,937,649	2,948,115
Interest payable in advance	2,896,236	6,629,199	2,264,447	5,261,884
Sundry creditors and accruals	552,094	622,778	552,094	622,778
Due to related parties	362,327	245,980	362,427	246,080
Carrying amount of trade and other payables	9,788,634	10,615,739	9,116,617	9,078,857

14 CONTRIBUTED EQUITY AND RESERVES

	Consolidated Entity 2020 $	Consolidated Entity 2019 $	Parent Entity 2020 $	Parent Entity 2019 $
Ordinary shares				
3,000,000 fully paid Ordinary Shares (2019: 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	(379,913)	(74,749)	(255,662)	(63,363)
Cash flow hedge movement	141,647	(305,164)	60,592	(192,299)
At 31 December	(238,266)	(379,913)	(195,070)	(255,662)
Retained earnings				
At 1 January	3,392,876	3,295,519	3,392,876	3,295,519
Profit / (loss) for the year	3,058,288	1,847,357	3,058,288	1,847,357
Dividend paid	(2,500,000)	(1,750,000)	(2,500,000)	(1,750,000)
At 31 December	3,951,164	3,392,876	3,951,164	3,392,876

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

15 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated Entity 2020 $	Consolidated Entity 2019 $	Parent Entity 2020 $	Parent Entity 2019 $
Cash flows from operating activities				
Profit after tax	3,058,288	1,847,357	3,058,288	1,847,357
Adjustments for:				
Net (gain) / loss on investments	4,975,783	1,109,854	4,975,783	1,109,854
	8,034,071	2,957,211	8,034,071	2,957,211
Changes in assets and liabilities:				
(Increase) / decrease receivables	(2,339,473)	235,099	(87,478,824)	13,865,246
(Increase) / decrease derivative asset	(1,504)	(103,286)	(1,504)	(103,286)
(Increase) / decrease prepayments	(200)	(62,500)	(200)	(62,500)
(Increase) / decrease loans and advances	74,413,137	(247,272,599)	21,657,275	(119,095,547)
Increase / (decrease) deposits and other borrowings	55,044,933	105,989,763	55,044,933	105,989,763
(Increase) / decrease deferred tax assets	(781,978)	-	(781,978)	-
Increase / (decrease) payables	1,153,163	4,541,069	2,018,028	3,720,945
Increase / (decrease) derivative liability	-	(57,454)	-	(57,455)
Increase / (decrease) provisions	-	(582,425)	-	(582,425)
Net cash flow (used) / provided in operating activities	135,522,149	(134,355,122)	(1,508,199)	6,631,952

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

	Consolidated Entity 2020 $	Consolidated Entity 2019 $	Parent Entity 2020 $	Parent Entity 2019 $
Cash at bank	21,920,923	30,393,716	21,835,848	30,338,989
	21,920,923	30,393,716	21,835,848	30,338,989

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 2020 (2019: Nil).

		Consolidated Entity		Parent Entity	
		2020	2019	2020	2019
	Note	$	$	$	$
Subordinated note	9	-	-	39,080,000	33,080,000
Seller note	9	-	-	86,639,136	9,664,683
Trade receivables	9	5,608,393	2,537,517	5,608,393	2,537,517
Interest receivable	9	8,673	27,183	18,469	59,929
Residual income receivable	9	-	-	5,358,816	3,159,957
Service fee receivable	9	-	-	36,293	47,304
Loans and advances	8	469,076,227	543,489,364	297,345,142	319,002,417

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

Ageing of receivables	2020		2019	
Consolidated Entity:	Gross	Impairment	Gross	Impairment
	$	$	$	$
Not past due	5,608,393	-	2,537,517	-
Past Due 0 - 30 Days	-	-	-	-
Past Due 31 - 120 Days	-	-	-	-
More than 1 year	-	-	-	-

Ageing of receivables	2020		2019	
Parent Entity:	Gross	Impairment	Gross	Impairment
	$	$	$	$
Not past due	5,608,393	-	2,537,517	-
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 2020:					
Trade and other payables	9,788,634	(9,788,634)	(9,788,634)	-	-
Deposits (Cash Accounts)	614,740	(614,740)	(614,740)	-	-
Bell Financial Trust	436,860,746	(436,860,746)	(436,860,746)		
Cash advance facility	40,000,000	(40,000,000)	(40,000,000)	-	-
Subordinated Debt	8,000,000	(8,000,000)	(8,000,000)	-	-
Hedging derivative	238,266	(238,266)	(238,266)	-	-
Foreign currency swap	-	-	-	-	-
Parent Entity 2020:					
Trade and other payables	9,116,617	(9,116,617)	(9,116,617)	-	-
Deposits (Cash Accounts)	614,740	(614,740)	(614,740)	-	-
Bell Financial Trust	436,860,746	(436,860,746)	(436,860,746)	-	-
Subordinated Debt	8,000,000	(8,000,000)	(8,000,000)	-	-
Hedging derivative	195,070	(195,070)	(195,070)	-	-
Foreign currency swap	-	-	-	-	-

16 FINANCIAL INSTRUMENTS (continued)

	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 Financial 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 Financial 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	-	-	-	-	-

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 2020:							
Fixed rate instruments							
Loans and advances	8	5.30%	129,688,528	128,198,528	1,490,000	-	-
Cash advance facility	12	1.35%	(40,000,000)	(40,000,000)	-	-	-
			89,688,528	88,198,528	1,490,000	-	-
Variable rate instruments							
Cash and cash equivalents	7	0.31%	21,920,923	21,920,923	-	-	-
Loans and advances	8	4.36%	339,387,699	339,387,699	-	-	-
Subordinated Debt	12	1.82%	(8,000,000)	(8,000,000)	-	-	-
Deposits and other borrowings	12	0.18%	(614,740)	(614,740)	-	-	-
Bell Financial Trust	12	0.18%	(436,860,746)	(436,860,746)	-	-	-
			(84,166,864)	(84,166,864)	-	-	-

	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%	321,736,612	321,736,612	-	-	-
Subordinated Debt	12	2.67%	(8,000,000)	(8,000,000)	-	-	-
Deposits and other borrowings	12	0.61%	(635,120)	(635,120)	-	-	-
Bell Financial Trust	12	0.61%	(381,795,433)	(381,795,433)	-	-	-
			(38,300,225)	(38,300,225)	-	-	-

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 2020:							
Fixed rate instruments							
Loans and advances	8	5.30%	87,702,519	86,212,519	1,490,000	-	-
			87,702,519	86,212,519	1,490,000	-	-
Variable rate instruments							
Cash and cash equivalents	7	0.31%	21,835,848	21,835,848	-	-	-
Loans and advances	8	4.36%	209,642,623	209,642,623	-	-	-
Subordinated note	9	0.36%	39,080,000	39,080,000	-	-	-
Seller note	9	0.36%	86,639,136	86,639,136	-	-	-
Subordinated Debt	12	1.82%	(8,000,000)	(8,000,000)	-	-	-
Deposits and other borrowings	12	0.18%	(614,740)	(614,740)	-	-	-
Bell Financial Trust	12	0.18%	(436,860,746)	(436,860,746)	-	-	-
			(88,277,879)	(88,277,879)	-	-	-

	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%	163,314,602	163,314,602	-	-	-
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 Financial Trust	12	0.61%	(381,795,433)	(381,795,433)	-	-	-
			(154,032,279)	(154,032,279)	-	-	-

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 2020, 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 $0.2 million (2019: $0.3 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 $0.2 million (2019: $0.3 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 2020		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		-	104,790	-	-	-	-	**104,790**	-	104,790	-	**104,790**
Loans and advances	8	-	-	-	-	60,147,980	-	**60,147,980**	-	-	60,147,980	**60,147,980**
		-	**104,790**	**-**	**-**	**60,147,980**	**-**	**60,252,770**	**-**	**104,790**	**60,147,980**	**60,252,770**
Financial assets not measured at fair value												
Trade and other receivables	9	-	-	-	-	5,618,145	-	**5,618,145**	-	-	-	**-**
Cash and cash equivalents	7	-	-	-	-	21,920,923	-	**21,920,923**	-	-	-	**-**
Loans and advances	8	-	-	-	-	408,928,247	-	**408,928,247**	-	-	-	**-**
		-	**-**	**-**	**-**	**436,467,315**	**-**	**436,467,315**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value												
Interest rate swaps used for hedging	16	-	-	238,266	-	-	-	**238,266**	-	238,266	-	**238,266**
Foreign currency swap	16	-	-	-	-	-	-	**-**	-	-	-	**-**
		-	**-**	**238,266**	**-**	**-**	**-**	**238,266**	**-**	**238,266**	**-**	**238,266**
Financial liabilities not measured at fair value												
Trade payables	13	-	-	-	-	-	9,661,363	**9,661,363**	-	-	-	**-**
Deposits and borrowings	12	-	-	-	-	-	485,475,486	**485,475,486**	-	-	-	**-**
		-	**-**	**-**	**-**	**-**	**495,136,849**	**495,136,849**	**-**	**-**	**-**	**-**

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[1]	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**	**-**	**-**	**-**	**-**

1. Loans and advances measured at fair value decreased from $145,969,000 at 31 December 2019 to $60,148,000 at 31 December 2020 due to net new/repaid loans of $86,019,000 with the remaining movement due to net fair value changes.

16 FINANCIAL INSTRUMENTS (continued)

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

Parent Entity:

31 DECEMBER 2020		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		-	104,790	-	-	-	-	**104,790**	-	104,790	-	**104,790**
Loans and advances	8	-	-	-	-	60,147,980	-	**60,147,980**	-	-	60,147,980	**60,147,980**
		-	**104,790**	**-**	**-**	**60,147,980**	**-**	**60,252,770**	**-**	**104,790**	**60,147,980**	**60,252,770**
Financial assets not measured at fair value												
Trade and other receivables	9	-	-	-	-	136,742,186	-	**136,742,186**	-	-	-	**-**
Cash and cash equivalents	7	-	-	-	-	21,835,848	-	**21,835,848**	-	-	-	**-**
Loans and advances	8	-	-	-	-	237,197,162	-	**237,197,162**	-	-	-	**-**
		-	**-**	**-**	**-**	**395,775,196**	**-**	**395,775,196**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value												
Interest rate swaps used for hedging	16	-	-	195,070	-	-	-	**195,070**	-	195,070	-	**195,070**
Foreign currency swap	16	-	-	-	-	-	-	**-**	-	-	-	**-**
		-	**-**	**195,070**	**-**	**-**	**-**	**195,070**	**-**	**195,070**	**-**	**195,070**
Financial liabilities not measured at fair value												
Trade payables	13	-	-	-	-	-	9,029,674	**9,029,674**	-	-	-	**-**
Deposits and borrowings	12	-	-	-	-	-	445,475,486	**445,475,486**	-	-	-	**-**
		-	**-**	**-**	**-**	**-**	**454,505,160**	**454,505,160**	**-**	**-**	**-**	**-**

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**	**-**	**-**	**-**	**-**

(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 2020 and 2019.

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 2020 $	Balance 31 December 2020 $	Interest paid and (payable) in the period $	Highest balance in period $
Andrew Bell	300,000	404,494	11,136	696,558
Colin Bell	562,221	-	19,548	679,102
Lewis Bell	-	100,965	7,372	1,385,589
Dean Davenport	126,449	176,093	4,752	176,668
Rowan Fell	1,055,965	861,383	27,644	1,627,186
Craig Coleman	791,104	353,875	16,152	796,054

	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	1,055,965	37,860	1,226,446
Craig Coleman	952,734	791,104	32,712	1,148,966

Loans totalling $1,896,810 (2019: $2,835,739) 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 2020	2,835,739	1,896,810	86,604	21
Total for key management personnel 2019	3,039,829	2,835,739	120,672	42
Total for other related parties 2020	-	-	-	-
Total for other related parties 2019	-	-	-	-
Total for key management personnel and their related parties 2020	2,835,739	1,896,810	86,604	21
Total for key management personnel and their related parties 2019	3,039,829	2,835,739	120,672	42

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 $86,604 (2019: $120,672). 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 2020	% Equity Interest 2019	Investment 2020 $	Investment 2019 $
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	2020	-	(8,098,527)	(133,282)
	2019	-	(8,052,473)	(215,014)
Bell Potter Securities Limited	2020	-	(263,901)	-
	2019	-	(193,608)	-
Bell Potter Margin Loan Trust	2020	125,765,226	-	425,156
	2019	42,824,732	-	1,055,012
Consolidated Entity				
Bell Financial Group Ltd	2020	-	(8,098,527)	(133,282)
	2019	-	(8,052,473)	(215,014)
Bell Potter Securities Limited	2020	-	(263,801)	-
	2019	-	(193,508)	-

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 0.36% per annum (2019: 1.48% per annum).
The loan made from Bell Financial Group Ltd to the Company represents a subordinated loan that attracts interest at 1.82% per annum (2019: 2.67% per annum).
Other related party amounts are unsecured. Interest has been waived for the financial year (2019: Nil).
There are no fixed terms for the related party loans and repayments are on call.

19 AUDITORS REMUNERATION

	Consolidated Entity 2020 $	Consolidated Entity 2019 $	Parent Entity 2020 $	Parent Entity 2019 $
Amounts due to KPMG for:				
Audit of the financial report	44,000	31,000	33,000	20,000
Other services				
- audit required by regulators	20,000	33,000	19,000	32,000
	64,000	64,000	52,000	52,000

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	Ceased 20 February 2020
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	

	2020 $	2019 $
(b) Compensation of key management personnel		
Short-term employee benefits	929,824	912,055
Other long-term employee benefits	16,500	34,269
Post employment benefits	33,676	33,676
	980,000	980,000

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.

	Consolidated Entity		Parent Entity	
	2020	2019	2020	2019
21 FINANCING ARRANGEMENTS	$	$	$	$
The Company has access to the following lines of credit:				
Cash advance facility	100,000,000	250,000,000	-	-
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	40,000,000	40,000,000	-	-
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
2020				
Company				
2020 Interim Dividend	0.50	1,500,000	Fully Franked	24 August 2020
2020 Final Dividend	-	-		-
2019				
Company				
2019 Interim Dividend	0.25	750,000	Fully Franked	26 August 2019
2019 Final Dividend	0.33	1,000,000	Fully Franked	16 March 2020

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 2020, 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 (2019: $1,000,000) and are not recorded in the Statement of Financial Position as at 31 December 2020.

25 SUBSEQUENT EVENTS

There were no significant events from 31 December 2020 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 2020 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: 17 February 2021