

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

**ANNUAL REPORT  
FOR THE YEAR ENDED  
31 DECEMBER 2021**

**BELL POTTER CAPITAL LIMITED  
AND CONTROLLED ENTITIES  
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**BELL POTTER CAPITAL LIMITED  
AND CONTROLLED ENTITIES  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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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 2021.

The Directors holding office during the year are set out below. All directors held office for the entire period, unless otherwise stated.

Alastair Provan	Executive Chairman	
Lewis Bell	Director	
Andrew Bell	Director	
Craig Coleman	Director	Ceased 17 February 2021
Dean Davenport	Director	
Rowan Fell	Director	

**OPERATING AND FINANCIAL REVIEW**

The principal activities of the Company are margin lending and at call facilities.

The Group's profit before income tax for the year ended 31 December 2021 was \$5,792,253 (2020: \$4,372,925).

The Company's profit before income tax for the year ended 31 December 2021 was \$5,792,253 (2020: \$4,372,925).

The Group's profit after income tax for the year ended 31 December 2021 was \$4,047,168 (2020: \$3,058,288).

The Company's profit after income tax for the year ended 31 December 2021 was \$4,047,168 (2020: \$3,058,288).

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 at call 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 indices 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 \$3,250,000 (2020: \$2,500,000) (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.

**BELL POTTER CAPITAL LIMITED  
AND CONTROLLED ENTITIES  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**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 2021.

**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 16 February 2022 in accordance with a resolution of the Directors:



Dean Davenport  
Director

16 February 2022



# 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 2021 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

A handwritten signature in blue ink that reads 'Luke Sullivan'.

Luke Sullivan  
*Partner*

Melbourne  
16 February 2022



# 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 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 31 December 2021
- 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.

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/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our Auditor's Report.

KPMG

KPMG

Luke Sullivan  
Partner

Melbourne

16 February 2022

**BELL POTTER CAPITAL LIMITED  
AND CONTROLLED ENTITIES  
INCOME STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	Consolidated Entity		Parent Entity	
		2021 \$	2020 \$	2021 \$	2020 \$
Finance income	5 (a)	22,170,864	23,652,663	15,589,569	15,884,638
Finance costs	5 (b)	(2,264,744)	(4,726,952)	(1,163,862)	(2,735,312)
<b>Total finance income</b>		<b>19,906,120</b>	<b>18,925,711</b>	<b>14,425,707</b>	<b>13,149,326</b>
Investment losses	5 (c)	(3,689,245)	(4,252,652)	(3,689,245)	(4,252,652)
Other income	5 (d)	158,295	39,533	5,640,964	5,850,842
<b>Total revenue</b>		<b>16,375,170</b>	<b>14,712,592</b>	<b>16,377,426</b>	<b>14,747,516</b>
Management fees		(4,961,048)	(4,568,744)	(4,961,048)	(4,568,744)
Commission paid		(3,027,584)	(3,790,951)	(3,027,584)	(3,790,951)
System expenses		(1,251,067)	(928,035)	(1,251,067)	(928,035)
Professional expenses		(601,918)	(415,048)	(579,589)	(421,048)
Other expenses	5 (d)	(741,300)	(636,889)	(765,885)	(665,813)
<b>Profit before income tax</b>		<b>5,792,253</b>	<b>4,372,925</b>	<b>5,792,253</b>	<b>4,372,925</b>
Income tax expense	6	(1,745,085)	(1,314,637)	(1,745,085)	(1,314,637)
<b>Profit for the year</b>		<b>4,047,168</b>	<b>3,058,288</b>	<b>4,047,168</b>	<b>3,058,288</b>
<b>Attributable to:</b>					
Equity holders of the Company		4,047,168	3,058,288	4,047,168	3,058,288
<b>Profit for the year</b>		<b>4,047,168</b>	<b>3,058,288</b>	<b>4,047,168</b>	<b>3,058,288</b>

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 2021**

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Profit for the year</b>	4,047,168	3,058,288	4,047,168	3,058,288
<b>Other comprehensive income</b>				
Changes in fair value of cash flow hedge, net of tax	251,061	141,647	217,179	60,592
<b>Other comprehensive income for the year, net of tax</b>	<u>251,061</u>	<u>141,647</u>	<u>217,179</u>	<u>60,592</u>
<b>Total comprehensive income for the year</b>	<u>4,298,229</u>	<u>3,199,935</u>	<u>4,264,347</u>	<u>3,118,880</u>
<b>Attributable to:</b>				
Equity holders of the company	4,298,229	3,199,935	4,264,347	3,118,880
<b>Total comprehensive income for the year</b>	<u>4,298,229</u>	<u>3,199,935</u>	<u>4,264,347</u>	<u>3,118,880</u>

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 2021**

		Consolidated Entity		Parent Entity	
		2021	2020	2021	2020
		\$	\$	\$	\$
<b>ASSETS</b>					
Cash and cash equivalents	7	52,600,975	21,920,923	32,493,798	21,835,848
Loans and advances	8	534,005,606	469,076,227	362,891,236	297,345,142
Trade and other receivables	9	2,652,635	5,618,145	101,092,661	136,742,186
Financial Assets at fair value	10	6,323,995	4,647,771	6,323,995	4,647,771
Derivative assets	16	178,762	104,790	178,762	104,790
Deferred tax asset	6	1,239,898	781,978	1,239,898	781,978
Prepayments		3,676	65,450	3,675	65,450
Investment in Controlled Entities	11	-	-	20,102	20,102
<b>TOTAL ASSETS</b>		<u>597,005,547</u>	<u>502,215,284</u>	<u>504,244,127</u>	<u>461,543,267</u>
<b>LIABILITIES</b>					
Deposits and other borrowings	12	581,099,804	485,475,486	489,099,804	445,475,486
Derivative liabilities	16	9,314	238,266	-	195,070
Trade and other payables	13	7,785,302	9,788,634	7,023,882	9,116,617
Provisions		350,000	-	350,000	-
<b>TOTAL LIABILITIES</b>		<u>589,244,420</u>	<u>495,502,386</u>	<u>496,473,686</u>	<u>454,787,173</u>
<b>NET ASSETS</b>		<u>7,761,127</u>	<u>6,712,898</u>	<u>7,770,441</u>	<u>6,756,094</u>
<b>EQUITY</b>					
Contributed equity	14	3,000,000	3,000,000	3,000,000	3,000,000
Cash flow hedge reserve	14	12,795	(238,266)	22,109	(195,070)
Retained earnings	14	4,748,332	3,951,164	4,748,332	3,951,164
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<u>7,761,127</u>	<u>6,712,898</u>	<u>7,770,441</u>	<u>6,756,094</u>

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 2021**

	Share Capital \$	Cash Flow Hedge Reserve \$	Retained Earnings \$	Total Equity \$
<b>Consolidated Entity:</b>				
<b>Balance at 1 January 2020</b>	3,000,000	(379,913)	3,392,876	6,012,963
<b>Total comprehensive income</b>				
Profit for the year	-	-	3,058,288	3,058,288
<b>Other comprehensive income</b>				
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
<b>Transactions with owners, recorded directly in equity</b>				
Dividends	-	-	(2,500,000)	(2,500,000)
<b>Balance at 31 December 2020</b>	<u>3,000,000</u>	<u>(238,266)</u>	<u>3,951,164</u>	<u>6,712,898</u>
<b>Balance at 1 January 2021</b>	<u>3,000,000</u>	<u>(238,266)</u>	<u>3,951,164</u>	<u>6,712,898</u>
<b>Total comprehensive income</b>				
Profit for the year	-	-	4,047,168	4,047,168
<b>Other comprehensive income</b>				
Changes in fair value of cash flow hedge	-	251,061	-	251,061
Total other comprehensive income	-	251,061	-	251,061
Total comprehensive income for the year	-	251,061	4,047,168	4,298,229
<b>Transactions with owners, recorded directly in equity</b>				
Dividends	-	-	(3,250,000)	(3,250,000)
<b>Balance at 31 December 2021</b>	<u>3,000,000</u>	<u>12,795</u>	<u>4,748,332</u>	<u>7,761,127</u>
<b>Parent Entity:</b>				
<b>Balance at 1 January 2020</b>	3,000,000	(255,662)	3,392,876	6,137,214
<b>Total comprehensive income</b>				
Profit for the year	-	-	3,058,288	3,058,288
<b>Other comprehensive income</b>				
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
<b>Transactions with owners, directly in equity</b>				
Dividends	-	-	(2,500,000)	(2,500,000)
<b>Balance at 31 December 2020</b>	<u>3,000,000</u>	<u>(195,070)</u>	<u>3,951,164</u>	<u>6,756,094</u>
<b>Balance at 1 January 2021</b>	<u>3,000,000</u>	<u>(195,070)</u>	<u>3,951,164</u>	<u>6,756,094</u>
<b>Total comprehensive income</b>				
Profit for the year	-	-	4,047,168	4,047,168
<b>Other comprehensive income</b>				
Changes in fair value of cash flow hedge	-	217,179	-	217,179
Total other comprehensive income	-	217,179	-	217,179
Total comprehensive income for the year	-	217,179	4,047,168	4,264,347
<b>Transactions with owners, directly in equity</b>				
Dividends	-	-	(3,250,000)	(3,250,000)
<b>Balance at 31 December 2021</b>	<u>3,000,000</u>	<u>22,109</u>	<u>4,748,332</u>	<u>7,770,441</u>

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 2021**

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>				
Cash receipts in the course of operations	43,924,190	130,023,564	82,086,647	(2,083,290)
Cash payments in the course of operations	(73,591,607)	(10,425,566)	(74,234,100)	(10,331,151)
Interest received	22,909,959	20,100,694	16,281,712	12,986,563
Interest paid	(2,248,896)	(4,176,543)	(1,162,715)	(2,080,321)
<b>Net cash flows from / (used in) operating activities</b>	<b>(9,006,354)</b>	<b>135,522,149</b>	<b>22,971,544</b>	<b>(1,508,199)</b>
<b>CASH FLOW USED IN INVESTING ACTIVITIES</b>				
Payment for investments	(6,970,779)	(2,514,674)	(6,970,779)	(2,514,674)
<b>Net cash flows used in investing activities</b>	<b>(6,970,779)</b>	<b>(2,514,674)</b>	<b>(6,970,779)</b>	<b>(2,514,674)</b>
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>				
Repayment of intercompany borrowings	(2,092,815)	(1,980,268)	(2,092,815)	(1,980,268)
(Repayment) / Drawdown of borrowings	52,000,000	(137,000,000)	-	-
Dividend paid	(3,250,000)	(2,500,000)	(3,250,000)	(2,500,000)
<b>Net cash flows from / (used in) financing activities</b>	<b>46,657,185</b>	<b>(141,480,268)</b>	<b>(5,342,815)</b>	<b>(4,480,268)</b>
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>	<b>30,680,052</b>	<b>(8,472,793)</b>	<b>10,657,950</b>	<b>(8,503,141)</b>
Cash and cash equivalents at 1 January	21,920,923	30,393,716	21,835,848	30,338,989
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>52,600,975</b>	<b>21,920,923</b>	<b>32,493,798</b>	<b>21,835,848</b>

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

**BELL POTTER CAPITAL LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 2021.

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 16 February 2022

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.

**BELL POTTER CAPITAL LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**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 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:

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**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 receivables issued are initially recognised when they are originated. A trade receivable is initially measured at the transaction price. 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 the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to: the gross carrying amount of the financial asset; or the amortised cost of the financial liability.

**(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 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* 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**

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.

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**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.



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**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 2021 (2020: 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 2021.

**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 2021.

**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 2021, 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.

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).
- Annual Improvements to IFRS Standards 2018-2020.
- 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).c
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

Furthermore, during the year ended 31 December 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision, Configuration or Customisation Costs in a Cloud Computing Arrangement. The decision discusses whether configuration or customisation expenditure relating to cloud computing arrangements is able to be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

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**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(o) New standards and interpretations not yet adopted (continued)**

Software as a Service ("SaaS") are service contracts providing an entity with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received. The Company reviewed the IFRIC decision and did not identify any costs incurred to configure and customise software under SaaS contracts in the current year or in prior years.

**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 2021 (2020: Nil) (refer to note 16).

**Financial assets**

The fair value of options is determined using the Black Scholes 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.

The risk management framework incorporates active management and monitoring of a range of risks. These include operational, information technology, cyber, market, credit, liquidity, legal, regulatory, reputation, fraud and systemic risks.

The Board of Directors recognises that cyber risk is an increasing area of concern across the financial services industry, and is committed to the ongoing development of cyber security measures through awareness training, implementation of network security measures, and preventive controls to protect our assets and networks. Cyber resilience is an integral component of effective risk management.

The main risks arising from the Company's financial instruments are market risk, liquidity risk and credit risk.

**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.

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**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.

*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.

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.

**5 REVENUE AND EXPENSES**

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
(a) Finance income:	\$	\$	\$	\$
Interest income on loans and advances	22,103,658	23,257,454	15,411,399	15,064,373
Interest income on bank deposits	67,206	395,209	67,206	395,109
Seller series interest revenue	-	-	66,136	293,285
Subordinated note interest revenue	-	-	44,828	131,871
Total finance income	<u>22,170,864</u>	<u>23,652,663</u>	<u>15,589,569</u>	<u>15,884,638</u>
(b) Finance costs:	\$	\$	\$	\$
Interest expense on deposits	(741,296)	(1,214,880)	(741,296)	(1,214,880)
Bank interest expense	(355,315)	(1,628,608)	(294,566)	(1,387,150)
Interest paid to related parties	(128,000)	(133,282)	(128,000)	(133,282)
Cash advance facility fees	<u>(1,040,133)</u>	<u>(1,750,182)</u>	-	-
Total finance costs	<u>(2,264,744)</u>	<u>(4,726,952)</u>	<u>(1,163,862)</u>	<u>(2,735,312)</u>

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**5 REVENUE AND EXPENSES (continued)**

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
(c) Investment gains / (losses)	\$	\$	\$	\$
Profit / (loss) on financial assets held at fair value through profit or loss - Geared equity investments <sup>1</sup>	(3,689,245)	(4,252,652)	(3,689,245)	(4,252,652)
	<u>(3,689,245)</u>	<u>(4,252,652)</u>	<u>(3,689,245)</u>	<u>(4,252,652)</u>

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	
	2021	2020	2021	2020
(d) Other income	\$	\$	\$	\$
Service fee revenue	-	-	403,750	452,393
Residual income	-	-	5,078,819	5,358,816
Sundry income	158,295	39,533	158,395	39,633
Total other income	<u>158,295</u>	<u>39,533</u>	<u>5,640,964</u>	<u>5,850,842</u>

**6 INCOME TAX**

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	\$	\$	\$	\$
<i>Current tax expense</i>				
Current income tax charge	2,203,005	1,355,655	2,203,005	1,355,655
<i>Deferred income tax</i>				
Origination and reversal of temporary differences	(457,920)	(41,018)	(457,920)	(41,018)
Total income tax expense / (benefit)	<u>1,745,085</u>	<u>1,314,637</u>	<u>1,745,085</u>	<u>1,314,637</u>

*Numerical reconciliation between tax expense and pre-tax accounting profit*

Accounting profit (before income tax)	5,792,253	4,372,925	5,792,253	4,372,925
Income tax using the Company's domestic tax rate of 30% (2020: 30%)	1,737,676	1,311,878	1,737,676	1,311,878
Expenditure not allowable for income tax purposes	7,409	2,759	7,409	2,759
Income tax expense	<u>1,745,085</u>	<u>1,314,637</u>	<u>1,745,085</u>	<u>1,314,637</u>

	Balance as at 1 January	Recognised in profit or loss	Balance at 31 December
	\$ '000	\$ '000	\$ '000
<b>Balance Sheet</b>			
<b>Consolidated Entity</b>			
<i>Deferred income tax assets / (liabilities) comprises</i>			
<b>2020</b>			
Other	-	781,978	781,978
	<u>-</u>	<u>781,978</u>	<u>781,978</u>
<b>2021</b>			
Other	781,978	457,920	1,239,898
	<u>781,978</u>	<u>457,920</u>	<u>1,239,898</u>
<b>Parent Entity</b>	\$ '000	\$ '000	\$ '000
<i>Deferred income tax assets / (liabilities) comprises</i>			
<b>2020</b>			
Other	-	781,978	781,978
	<u>-</u>	<u>781,978</u>	<u>781,978</u>
<b>2021</b>			
Other	781,978	457,920	1,239,898
	<u>781,978</u>	<u>457,920</u>	<u>1,239,898</u>

**7 CASH AND CASH EQUIVALENTS**

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	\$	\$	\$	\$
Cash at bank	52,600,975	21,920,923	32,493,798	21,835,848
	<u>52,600,975</u>	<u>21,920,923</u>	<u>32,493,798</u>	<u>21,835,848</u>

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.

**8 LOANS AND ADVANCES**

	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	\$	\$	\$	\$
Margin Loans measured at amortised cost	444,118,508	408,928,247	273,004,138	237,197,162
Margin Loans measured at fair value through profit and loss	<u>89,887,098</u>	<u>60,147,980</u>	<u>89,887,098</u>	<u>60,147,980</u>
	<u>534,005,606</u>	<u>469,076,227</u>	<u>362,891,236</u>	<u>297,345,142</u>

There were no impaired, past due or renegotiated loans at 31 December 2021 (2020: Nil).

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

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9 TRADE AND OTHER RECEIVABLES	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	\$	\$	\$	\$
Subordinated note	-	-	41,580,000	39,080,000
Seller note	-	-	51,739,104	86,639,136
Trade receivables	2,647,779	5,608,393	2,647,779	5,608,393
Interest receivable	4,925	8,673	10,494	18,469
Residual income receivable	-	-	5,078,819	5,358,816
Service fee receivable	-	-	36,534	36,293
Sundry Debtors	(69)	1,079	(69)	1,079
Carrying amount of trade and other receivables	<u>2,652,635</u>	<u>5,618,145</u>	<u>101,092,661</u>	<u>136,742,186</u>

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		Parent Entity	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Held at fair value through profit or loss</b>				
Options held in listed corporations	6,323,995	4,647,771	6,323,995	4,647,771
	<u>6,323,995</u>	<u>4,647,771</u>	<u>6,323,995</u>	<u>4,647,771</u>

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		Parent Entity	
	2021	2020	2021	2020
	\$	\$	\$	\$
Investment in Controlled Entities at cost	-	-	20,102	20,102
	<u>-</u>	<u>-</u>	<u>20,102</u>	<u>20,102</u>

**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	
	2021	2020	2021	2020
	\$	\$	\$	\$
Deposits <sup>1</sup>	1,448,917	614,740	1,448,917	614,740
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) <sup>2</sup>	92,000,000	40,000,000	-	-
Bell Financial Trust	479,650,887	436,860,746	479,650,887	436,860,746
	<u>581,099,804</u>	<u>485,475,486</u>	<u>489,099,804</u>	<u>445,475,486</u>

<sup>1</sup> Deposits relate to Margin Lending / Client deposits which are largely at call.

<sup>2</sup> Represents drawn funds from the Bell Potter Capital cash advance facility of \$150m (2020: \$100m). For further information relating to related parties refer to Note 18.

**Terms and debt repayment schedule**

Consolidated:	2021 Effective Interest Rate	2020 Effective Interest Rate	2021		2020	
			Face Value	Carrying Amount	Face Value	Carrying Amount
	Deposits	0.11%	0.18%	1,448,917	1,448,917	614,740
Subordinated Debt	1.60%	1.82%	8,000,000	8,000,000	8,000,000	8,000,000
Bell Financial Trust	0.11%	0.18%	479,650,887	479,650,887	436,860,746	436,860,746
Cash advance facility	0.51%	1.35%	92,000,000	92,000,000	40,000,000	40,000,000
			<u>581,099,804</u>	<u>581,099,804</u>	<u>485,475,486</u>	<u>485,475,486</u>

  

Parent:	2021 Effective Interest Rate	2020 Effective Interest Rate	2021		2020	
			Face Value	Carrying Amount	Face Value	Carrying Amount
	Deposits	0.11%	0.18%	1,448,917	1,448,917	614,740
Subordinated Debt	1.60%	1.82%	8,000,000	8,000,000	8,000,000	8,000,000
Bell Financial Trust	0.11%	0.18%	479,650,887	479,650,887	436,860,746	436,860,746
			<u>489,099,804</u>	<u>489,099,804</u>	<u>445,475,486</u>	<u>445,475,486</u>

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12 DEPOSITS AND OTHER BORROWINGS (continued)

Consolidated Entity	2021						2020							
	Liabilities				Derivatives (assets) / liabilities		Total	Liabilities				Derivatives (assets) / liabilities		Total
	Cash advance facility	Deposits	Subordinated Debt	Bell Financial Trust	Interest rate swap contracts used for hedging - assets	Interest rate swap contracts used for hedging - liabilities		Cash advance facility	Deposits	Subordinated Debt	Bell Financial Trust	Interest rate swap contracts used for hedging - assets	Interest rate swap contracts used for hedging - liabilities	
Balance at 1 January	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
Changes from financing cash flows														
Deposits / (withdrawals) from client cash balances	-	834,177	-	-	-	-	834,177	-	(20,380)	-	-	-	-	(20,380)
Drawdown / (repayment) of borrowings	52,000,000	-	-	42,790,141	-	-	94,790,141	(137,000,000)	-	-	55,065,313	-	-	(81,934,687)
<b>Total changes from financing cash flows</b>	<b>52,000,000</b>	<b>834,177</b>	<b>-</b>	<b>42,790,141</b>	<b>-</b>	<b>-</b>	<b>95,624,318</b>	<b>(137,000,000)</b>	<b>(20,380)</b>	<b>-</b>	<b>55,065,313</b>	<b>-</b>	<b>-</b>	<b>(81,955,067)</b>
Changes in fair value														
					(22,109)	(228,952)	(251,061)						(141,647)	(141,647)
Other charges														
Liability-related														
Interest expense	323,515	221,049	128,000	741,294	-	-	1,413,858	611,785	1,249,097	133,282	1,214,880	-	-	3,209,044
Interest paid / (payable)	(323,515)	(221,049)	(128,000)	(741,294)	-	-	(1,413,858)	(611,785)	(1,249,097)	(133,282)	(1,214,880)	-	-	(3,209,044)
<b>Total liability-related other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity related other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 December</b>	<b>92,000,000</b>	<b>1,448,917</b>	<b>8,000,000</b>	<b>479,650,887</b>	<b>(22,109)</b>	<b>9,314</b>	<b>581,087,009</b>	<b>40,000,000</b>	<b>614,740</b>	<b>8,000,000</b>	<b>436,860,746</b>	<b>-</b>	<b>238,266</b>	<b>485,713,752</b>
Parent Entity	2021						2020							
	Liabilities				Derivatives (assets) / liabilities		Total	Liabilities				Derivatives (assets) / liabilities		Total
	Cash advance facility	Deposits	Subordinated Debt	Bell Financial Trust	Interest rate swap contracts used for hedging - assets	Interest rate swap contracts used for hedging - liabilities		Cash advance facility	Deposits	Subordinated Debt	Bell Financial Trust	Interest rate swap contracts used for hedging - assets	Interest rate swap contracts used for hedging - liabilities	
Balance at 1 January	-	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
Changes from financing cash flows														
Deposits / (withdrawals) from client cash balances	-	834,177	-	-	-	-	834,177	-	(20,380)	-	-	-	-	(20,380)
Drawdown / (repayment) of borrowings	-	-	-	42,790,141	-	-	42,790,141	-	-	-	55,065,313	-	-	55,065,313
<b>Total changes from financing cash flows</b>	<b>-</b>	<b>834,177</b>	<b>-</b>	<b>42,790,141</b>	<b>-</b>	<b>-</b>	<b>43,624,318</b>	<b>-</b>	<b>(20,380)</b>	<b>-</b>	<b>55,065,313</b>	<b>-</b>	<b>-</b>	<b>55,044,933</b>
Changes in fair value														
					(22,109)	(195,070)	(217,179)						(60,592)	(60,592)
Other charges														
Liability-related														
Interest expense	-	221,049	128,000	741,294	-	-	1,090,343	-	1,249,097	133,282	1,214,880	-	-	2,597,259
Interest paid / (payable)	-	(221,049)	(128,000)	(741,294)	-	-	(1,090,343)	-	(1,249,097)	(133,282)	(1,214,880)	-	-	(2,597,259)
<b>Total liability-related other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity related other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 December</b>	<b>-</b>	<b>1,448,917</b>	<b>8,000,000</b>	<b>479,650,887</b>	<b>(22,109)</b>	<b>-</b>	<b>489,077,695</b>	<b>-</b>	<b>614,740</b>	<b>8,000,000</b>	<b>436,860,746</b>	<b>-</b>	<b>195,070</b>	<b>445,670,556</b>

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	Consolidated Entity		Parent Entity	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>13 TRADE AND OTHER PAYABLES</b>				
Trade payables	3,135,374	5,977,977	3,071,523	5,937,649
Interest payable in advance	3,646,283	2,896,236	2,948,614	2,264,447
Sundry creditors and accruals	531,128	552,094	531,128	552,094
Due to related parties	472,517	362,327	472,617	362,427
Carrying amount of trade and other payables	<u>7,785,302</u>	<u>9,788,634</u>	<u>7,023,882</u>	<u>9,116,617</u>
<b>14 CONTRIBUTED EQUITY AND RESERVES</b>				
<i>Ordinary shares</i>				
3,000,000 fully paid Ordinary Shares (2020: 3,000,000)	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
<i>Cash Flow Hedge Reserve</i>				
At 1 January	(238,266)	(379,913)	(195,070)	(255,662)
Cash flow hedge movement	251,061	141,647	217,179	60,592
At 31 December	<u>12,795</u>	<u>(238,266)</u>	<u>22,109</u>	<u>(195,070)</u>
<i>Retained earnings</i>				
At 1 January	3,951,164	3,392,876	3,951,164	3,392,876
Profit / (loss) for the year	4,047,168	3,058,288	4,047,168	3,058,288
Dividend paid	(3,250,000)	(2,500,000)	(3,250,000)	(2,500,000)
At 31 December	<u>4,748,332</u>	<u>3,951,164</u>	<u>4,748,332</u>	<u>3,951,164</u>
All ordinary shares rank equally with regard to the Company's residual assets.				
<b>15 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash flows from operating activities</b>				
Profit after tax	4,047,168	3,058,288	4,047,168	3,058,288
Adjustments for:				
Net loss on investments	5,294,555	4,975,783	5,294,555	4,975,783
	<u>9,341,723</u>	<u>8,034,071</u>	<u>9,341,723</u>	<u>8,034,071</u>
Changes in assets and liabilities:				
(Increase) / decrease receivables	2,965,510	(2,339,473)	35,649,525	(87,478,824)
(Increase) derivative asset	(51,863)	(1,504)	(51,863)	(1,504)
(Increase) / decrease prepayments	61,774	(200)	61,775	(200)
(Increase) / decrease loans and advances	(64,929,379)	74,413,137	(65,546,094)	21,657,275
Increase deposits and other borrowings	43,624,318	55,044,933	43,624,318	55,044,933
(Increase) deferred tax assets	(457,920)	(781,978)	(457,920)	(781,978)
Increase payables	89,483	1,153,163	80	2,018,028
Increase provisions	350,000	-	350,000	-
Net cash flow (used) / provided in operating activities	<u>(9,006,354)</u>	<u>135,522,149</u>	<u>22,971,544</u>	<u>(1,508,199)</u>
Reconciliation of cash				
For the purpose of the Statements of Cash Flows, cash and cash equivalents comprise the following:				
Cash at bank	<u>52,600,975</u>	<u>21,920,923</u>	<u>32,493,798</u>	<u>21,835,848</u>
	<u>52,600,975</u>	<u>21,920,923</u>	<u>32,493,798</u>	<u>21,835,848</u>

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**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 2021 (2020: Nil).

	Note	Consolidated Entity		Parent Entity	
		2021	2020	2021	2020
		\$	\$	\$	\$
Subordinated note	9	-	-	41,580,000	39,080,000
Seller note	9	-	-	51,739,104	86,639,136
Trade receivables	9	2,647,779	5,608,393	2,647,779	5,608,393
Interest receivable	9	4,925	8,673	10,494	18,469
Residual income receivable	9	-	-	5,078,819	5,358,816
Service fee receivable	9	-	-	36,534	36,293
Loans and advances	8	534,005,606	469,076,227	362,891,236	297,345,142

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

Ageing of receivables Consolidated Entity:	2021		2020	
	Gross	Impairment	Gross	Impairment
	\$	\$	\$	\$
Not past due	2,647,779	-	5,608,393	-
Past Due 0 - 30 Days	-	-	-	-
Past Due 31 - 120 Days	-	-	-	-
More than 1 year	-	-	-	-
<b>Ageing of receivables Parent Entity:</b>				
	Gross	Impairment	Gross	Impairment
	\$	\$	\$	\$
Not past due	2,647,779	-	5,608,393	-
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
	\$	\$	\$	\$	\$
<b>Consolidated Entity 2021:</b>					
Trade and other payables	7,785,302	(7,785,302)	(7,785,302)	-	-
Deposits	1,448,917	(1,448,917)	(1,448,917)	-	-
Bell Financial Trust	479,650,887	(479,650,887)	(479,650,887)	-	-
Cash advance facility	92,000,000	(92,000,000)	(92,000,000)	-	-
Subordinated Debt	8,000,000	(8,000,000)	(8,000,000)	-	-
Hedging derivative	9,314	(9,314)	(9,314)	-	-
Foreign currency swap	-	-	-	-	-
<b>Parent Entity 2021:</b>					
Trade and other payables	7,023,882	(7,023,882)	(7,023,882)	-	-
Deposits	1,448,917	(1,448,917)	(1,448,917)	-	-
Bell Financial Trust	479,650,887	(479,650,887)	(479,650,887)	-	-
Subordinated Debt	8,000,000	(8,000,000)	(8,000,000)	-	-
Hedging derivative	-	-	-	-	-
Foreign currency swap	-	-	-	-	-



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16 FINANCIAL INSTRUMENTS (continued)

	Carrying Amount \$	Contracted Cash			
		flow \$	6-months or less \$	6- 12 months \$	1 - 2 years \$
<b>Consolidated Entity 2020:</b>					
Trade and other payables	9,788,634	(9,788,634)	(9,788,634)	-	-
Deposits	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	-	-	-	-	-
<b>Parent Entity 2020:</b>					
Trade and other payables	9,116,617	(9,116,617)	(9,116,617)	-	-
Deposits	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	-	-	-	-	-

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	Average Effective Interest				
			Total \$	6-months or less \$	6- 12 months \$	1 - 2 years \$	2 - 5 years \$
<b>Consolidated Entity 2021:</b>							
<i>Fixed rate instruments</i>							
Loans and advances	8	4.65%	173,144,390	168,288,247	4,856,143	-	-
Cash advance facility	12	0.51%	(92,000,000)	(92,000,000)	-	-	-
			<u>81,144,390</u>	<u>76,288,247</u>	<u>4,856,143</u>	-	-
<i>Variable rate instruments</i>							
Cash and cash equivalents	7	0.10%	52,600,975	52,600,975	-	-	-
Loans and advances	8	4.20%	360,861,216	360,861,216	-	-	-
Subordinated Debt	12	1.60%	(8,000,000)	(8,000,000)	-	-	-
Deposits and other borrowings	12	0.11%	(1,448,917)	(1,448,917)	-	-	-
Bell Financial Trust	12	0.11%	(479,650,887)	(479,650,887)	-	-	-
			<u>(75,637,613)</u>	<u>(75,637,613)</u>	-	-	-
<b>Consolidated Entity 2020:</b>							
<i>Fixed rate instruments</i>							
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)	-	-	-
			<u>89,688,528</u>	<u>88,198,528</u>	<u>1,490,000</u>	-	-
<i>Variable rate instruments</i>							
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)	-	-	-
			<u>(84,166,864)</u>	<u>(84,166,864)</u>	-	-	-

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**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 \$
<b>Parent Entity 2021:</b>							
<i>Fixed rate instruments</i>							
Loans and advances	8	4.65%	123,249,871	118,393,728	4,856,143	-	-
			<u>123,249,871</u>	<u>118,393,728</u>	<u>4,856,143</u>	-	-
<i>Variable rate instruments</i>							
Cash and cash equivalents	7	0.10%	32,493,798	32,493,798	-	-	-
Loans and advances	8	4.20%	239,641,365	239,641,365	-	-	-
Subordinated note	9	0.11%	41,580,000	41,580,000	-	-	-
Seller note	9	0.11%	51,739,104	51,739,104	-	-	-
Subordinated Debt	12	1.60%	(8,000,000)	(8,000,000)	-	-	-
Deposits and other borrowings	12	0.11%	(1,448,917)	(1,448,917)	-	-	-
Bell Financial Trust	12	0.11%	(479,650,887)	(479,650,887)	-	-	-
			<u>(123,645,537)</u>	<u>(123,645,537)</u>	-	-	-

	Note	Average Effective Interest Rate	Total \$	6-months or less \$	6- 12 months \$	1 - 2 years \$	2 - 5 years \$
<b>Parent Entity 2020:</b>							
<i>Fixed rate instruments</i>							
Loans and advances	8	5.30%	87,702,519	86,212,519	1,490,000	-	-
			<u>87,702,519</u>	<u>86,212,519</u>	<u>1,490,000</u>	-	-
<i>Variable rate instruments</i>							
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)	-	-	-
			<u>(88,277,879)</u>	<u>(88,277,879)</u>	-	-	-

**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 2021, 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 \$0.5 million (2020: \$0.2 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 \$0.5 million (2020: \$0.2 million). A general increase of one-percentage point in interest rates would have an equal but opposite effect.

**BELL POTTER CAPITAL LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**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:**

<b>31 DECEMBER 2021</b>		<b>CARRYING AMOUNT</b>						<b>FAIR VALUE</b>				
		<b>NOTE</b>	<b>HELD-FOR-TRADING</b>	<b>DESIGNATED AT FAIR VALUE</b>	<b>FAIR VALUE - HEDGING INSTRUMENTS</b>	<b>HELD TO MATURITY</b>	<b>LOANS AND RECEIVABLES</b>	<b>OTHER FINANCIAL LIABILITIES</b>	<b>TOTAL</b>	<b>LEVEL 1</b>	<b>LEVEL 2</b>	<b>LEVEL 3</b>
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets measured at fair value</b>												
			-	178,762	-	-	-	178,762	-	178,762	-	178,762
	10		-	6,323,995	-	-	-	6,323,995	-	-	6,323,995	6,323,995
	8		-	-	-	-	89,887,098	89,887,098	-	-	89,887,098	89,887,098
			-	<b>6,502,757</b>	-	-	<b>89,887,098</b>	<b>96,389,855</b>	-	<b>178,762</b>	<b>96,211,093</b>	<b>96,389,855</b>
<b>Financial assets not measured at fair value</b>												
	9		-	-	-	-	2,652,635	2,652,635	-	-	-	-
	7		-	-	-	-	52,600,975	52,600,975	-	-	-	-
	8		-	-	-	-	444,118,508	444,118,508	-	-	-	-
			-	-	-	-	<b>499,372,118</b>	<b>499,372,118</b>	-	-	-	-
<b>Financial liabilities measured at fair value</b>												
	16		-	-	9,314	-	-	9,314	-	9,314	-	9,314
	16		-	-	-	-	-	-	-	-	-	-
			-	-	<b>9,314</b>	-	-	<b>9,314</b>	-	<b>9,314</b>	-	<b>9,314</b>
<b>Financial liabilities not measured at fair value</b>												
	13		-	-	-	-	-	7,536,339	-	-	-	7,536,339
	12		-	-	-	-	-	581,099,804	-	-	-	581,099,804
			-	-	-	-	-	<b>588,636,143</b>	-	-	-	<b>588,636,143</b>
<b>31 DECEMBER 2020</b>												
<b>31 DECEMBER 2020</b>		<b>CARRYING AMOUNT</b>						<b>FAIR VALUE</b>				
		<b>NOTE</b>	<b>HELD-FOR-TRADING</b>	<b>DESIGNATED AT FAIR VALUE</b>	<b>FAIR VALUE - HEDGING INSTRUMENTS</b>	<b>HELD TO MATURITY</b>	<b>LOANS AND RECEIVABLES</b>	<b>OTHER FINANCIAL LIABILITIES</b>	<b>TOTAL</b>	<b>LEVEL 1</b>	<b>LEVEL 2</b>	<b>LEVEL 3<sup>1</sup></b>
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets measured at fair value</b>												
			-	104,790	-	-	-	104,790	-	104,790	-	104,790
	10		-	4,647,771	-	-	-	4,647,771	-	-	4,647,771	4,647,771
	8		-	-	-	-	60,147,980	60,147,980	-	-	60,147,980	60,147,980
			-	<b>4,752,561</b>	-	-	<b>60,147,980</b>	<b>64,900,541</b>	-	<b>104,790</b>	<b>64,795,751</b>	<b>64,900,541</b>
<b>Financial assets not measured at fair value</b>												
	9		-	-	-	-	5,618,145	5,618,145	-	-	-	-
	7		-	-	-	-	21,920,923	21,920,923	-	-	-	-
	8		-	-	-	-	408,928,247	408,928,247	-	-	-	-
			-	-	-	-	<b>436,467,315</b>	<b>436,467,315</b>	-	-	-	-
<b>Financial liabilities measured at fair value</b>												
	16		-	-	238,266	-	-	238,266	-	238,266	-	238,266
	16		-	-	-	-	-	-	-	-	-	-
			-	-	<b>238,266</b>	-	-	<b>238,266</b>	-	<b>238,266</b>	-	<b>238,266</b>
<b>Financial liabilities not measured at fair value</b>												
	13		-	-	-	-	-	9,661,363	-	-	-	9,661,363
	12		-	-	-	-	-	485,475,486	-	-	-	485,475,486
			-	-	-	-	-	<b>495,136,849</b>	-	-	-	<b>495,136,849</b>

1. Loans and advances measured at fair value increased from \$60,148,000 at 31 December 2020 to \$89,887,000 at 31 December 2021 due to net new/repaid loans of \$28,735,000 with the remaining movement due to net fair value changes.

**BELL POTTER CAPITAL LIMITED  
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**16 FINANCIAL INSTRUMENTS (continued)**

Fair value of fixed loans (continued)

(a) Accounting classifications and fair values (continued)

Parent Entity:

31 DECEMBER 2021		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
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets measured at fair value</b>													
			-	178,762	-	-	-	-	-	-	-	-	178,762
	10		-	6,323,995	-	-	-	-	-	-	-	-	6,323,995
	8		-	-	-	-	89,887,098	-	-	-	-	-	89,887,098
			-	<b>6,502,757</b>	-	-	<b>89,887,098</b>	-	-	-	-	-	<b>96,389,855</b>
<b>Financial assets not measured at fair value</b>													
	9		-	-	-	-	101,092,661	-	-	-	-	-	101,092,661
	7		-	-	-	-	32,493,798	-	-	-	-	-	32,493,798
	8		-	-	-	-	273,004,138	-	-	-	-	-	273,004,138
			-	-	-	-	<b>406,590,597</b>	-	-	-	-	-	<b>406,590,597</b>
<b>Financial liabilities measured at fair value</b>													
	16		-	-	-	-	-	-	-	-	-	-	-
	16		-	-	-	-	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>													
	13		-	-	-	-	-	6,838,768	-	-	-	-	6,838,768
	12		-	-	-	-	-	489,099,804	-	-	-	-	489,099,804
			-	-	-	-	-	<b>495,938,572</b>	-	-	-	-	<b>495,938,572</b>
<b>31 DECEMBER 2020</b>													
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
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets measured at fair value</b>													
			-	104,790	-	-	-	-	-	-	-	-	104,790
	10		-	4,647,771	-	-	-	-	-	-	-	-	4,647,771
	8		-	-	-	-	60,147,980	-	-	-	-	-	60,147,980
			-	<b>4,752,561</b>	-	-	<b>60,147,980</b>	-	-	-	-	-	<b>64,900,541</b>
<b>Financial assets not measured at fair value</b>													
	9		-	-	-	-	136,742,186	-	-	-	-	-	136,742,186
	7		-	-	-	-	21,835,848	-	-	-	-	-	21,835,848
	8		-	-	-	-	237,197,162	-	-	-	-	-	237,197,162
			-	-	-	-	<b>395,775,196</b>	-	-	-	-	-	<b>395,775,196</b>
<b>Financial liabilities measured at fair value</b>													
	16		-	-	195,070	-	-	-	-	-	-	-	195,070
	16		-	-	-	-	-	-	-	-	-	-	-
			-	-	<b>195,070</b>	-	-	-	-	-	-	-	<b>195,070</b>
<b>Financial liabilities not measured at fair value</b>													
	13		-	-	-	-	-	9,029,674	-	-	-	-	9,029,674
	12		-	-	-	-	-	445,475,486	-	-	-	-	445,475,486
			-	-	-	-	-	<b>454,505,160</b>	-	-	-	-	<b>454,505,160</b>

(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 2021 and 2020.

**BELL POTTER CAPITAL LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS  
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**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 2021 \$	Balance 31 December 2021 \$	Interest paid and (payable) in the period \$	Highest balance in period \$
Andrew Bell	404,494	539,310	11,282	539,310
Lewis Bell	100,965	298,908	3,248	298,908
Dean Davenport	176,093	210,449	5,554	220,822
Rowan Fell	861,383	971,756	29,404	1,190,222
Craig Coleman	353,875	-	3,161	476,527

	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 <sup>1</sup>	791,104	353,875	16,152	796,054

1. Craig Coleman retired from the board on the 17 February 2021

Loans totalling \$2,020,422 (2020: \$1,896,810) were made to key management personnel and their related parties during the year. The recipients of these loans were 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 of loans in Group at 31 December <sup>1</sup>
Total for key management personnel 2021	1,896,810	2,020,423	52,649	28
Total for key management personnel 2020	2,835,739	1,896,810	86,604	21
Total for other related parties 2021	-	-	-	-
Total for other related parties 2020	-	-	-	-
Total for key management personnel and their related parties 2021	1,896,810	2,020,423	52,649	28
Total for key management personnel and their related parties 2020	2,835,739	1,896,810	86,604	21

1. Number in Group includes KMP and other related parties with loans at any time during the year.

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 \$52,649 (2020: \$67,056). No amounts have been written-down or recorded as allowances for impairment, as the balances are considered fully collectible.

**BELL POTTER CAPITAL LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**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		Investment	
		2021	2020	2021 \$	2020 \$
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 <sup>1</sup>	-	-	-	-	-
				20,102	20,102

<sup>1</sup> 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	Amounts owed	Interest received
			by related parties \$	to related parties \$	/ (paid) \$
<b>Parent Entity</b>					
Bell Financial Group Ltd	2021	-	(8,286,530)	(128,000)	
	2020	-	(8,098,527)	(133,282)	
Bell Potter Securities Limited	2021	-	(186,086)	-	
	2020	-	(263,901)	-	
Bell Potter Margin Loan Trust	2021	93,361,207	-	110,964	
	2020	125,765,226	-	425,156	
<b>Consolidated Entity</b>					
Bell Financial Group Ltd	2021	-	(8,286,530)	(128,000)	
	2020	-	(8,098,527)	(133,282)	
Bell Potter Securities Limited	2021	-	(185,986)	-	
	2020	-	(263,801)	-	

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 0.11% per annum (2020: 0.36% per annum).

The loan made from Bell Financial Group Ltd to the Company represents a subordinated loan that attracts interest at 1.60% per annum (2020: 1.82% per annum).

Other related party amounts are unsecured. Interest has been waived for the financial year (2020: Nil).

There are no fixed terms for the related party loans and repayments are on call.

**19 AUDITORS REMUNERATION**

	Consolidated Entity		Parent Entity	
	2021 \$	2020 \$	2021 \$	2020 \$
Amounts due to KPMG for:				
Audit of the financial report	45,320	44,000	33,990	33,000
Other services				
- audit required by regulators	20,600	20,000	19,570	19,000
	65,920	64,000	53,560	52,000

**BELL POTTER CAPITAL LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**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
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 Retired 17th February 2021

(b) Compensation of key management personnel	2021 \$	2020 \$
Short-term employee benefits	493,081	929,824
Other long-term employee benefits	22,846	16,500
Post employment benefits	27,407	33,676
	<u>543,334</u>	<u>980,000</u>

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		Parent Entity	
	2021 \$	2020 \$	2021 \$	2020 \$
The Company has access to the following lines of credit:				
Cash advance facility	150,000,000	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	92,000,000	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
<b>2021</b>				
Company				
2021 Interim Dividend	0.67	2,000,000	Fully Franked	23 August 2021
2021 Final Dividend	-	-	-	-
<b>2020</b>				
Company				
2020 Interim Dividend	0.50	1,500,000	Fully Franked	24 August 2020
2020 Final Dividend	0.42	1,250,000	Fully Franked	15 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 2021, 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 (2020: \$1,000,000) and are not recorded in the Statement of Financial Position as at 31 December 2021.

**25 SUBSEQUENT EVENTS**

There were no significant events from 31 December 2021 to the date of this report.

**BELL POTTER CAPITAL LIMITED  
AND CONTROLLED ENTITIES  
DIRECTORS' DECLARATION  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**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 2021 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: 16 February 2022