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

ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2022

BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
TABLE OF CONTENTS

DIRECTORS' REPORT

The Directors of Bell Potter Capital Limited (Company) present their report with the financial report on the consolidated entity consisting of the Company and its controlled entities (Group) for the financial year ended 31 December 2022.

BOARD OF DIRECTORS

The Directors of the Company are stated below. Each Director held office for the entire year.

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

PRINCIPAL ACTIVITIES

The Company is a wholly-owned subsidiary of ASX-listed Bell Financial Group Limited (ACN 083 194 763) (Bell Financial Group). The Company's controlled entities are BPC Securities Pty Ltd (ACN 072 910 966) and BPC Custody Pty Ltd (ACN 006 600 746). The principal activities of the Group during the year were the provision of margin lending products, structured loan products, investment administration services and administration of the Bell Financial Trust. In the opinion of the Directors, there were no significant changes to the principal activities of the Group during the year.

EVIEW AND RESULTS OF OPERATIONS

The Group's profit before income tax for the year ended 31 December 2022 was $7,174,000 (2021: $5,792,000).
The Company's profit before income tax for the year ended 31 December 2022 was $7,174,000 (2021: $5,792,000).
The Group's profit after income tax for the year ended 31 December 2022 was $5,013,000 (2021: $4,047,000).
The Company's profit after income tax for the year ended 31 December 2022 was $5,013,000 (2021: $4,047,000).

DIVIDENDS

The dividends paid to Bell Financial Group during the year ended 31 December 2022 were as follows:

	Total $	Fully franked	Date of payment
2022			
Interim 2022 ordinary	2,000,000	Yes	2 September 2022
Final 2021 ordinary	1,750,000	Yes	11 March 2022
2021			
Interim 2021 ordinary	2,000,000	Yes	23 August 2021
Final 2020 ordinary	1,250,000	Yes	15 March 2021

STATE OF AFFAIRS

On 16 February 2022, Bell Financial Group announced that three operating subsidiaries, including Bell Potter Capital Limited, received notices from AUSTRAC requiring the appointment of an external auditor to carry out an audit of those entities' compliance with particular aspects of their obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (AML/CTF Act).

Bell Financial Group announced on 25 October 2022 that we had received a report from the external auditor for each entity and that those reports had been provided to AUSTRAC in accordance with the notice requirements. Each of the reports related to a defined period ending on 16 February 2022. Since then, Bell Financial Group has made a number of refinements to our approach to AML/CTF compliance, including updates to the subsidiaries' risk assessments and their AML/CTF program.

At this stage it is uncertain whether AUSTRAC will take any further action arising from the audit, or the nature of the action it may take if it decides to do so. Accordingly, the potential outcome and total costs and exposure in connection with the audit remain uncertain.

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

LIKELY DEVELOPMENTS IN OPERATIONS

In respect of likely developments in the Group's operations in future financial years and the expected results of those operations, material which if included would be likely to result in unreasonable prejudice to the Group, has been omitted.

DIRECTORS' AND OFFICERS' INDEMNITY AND INSURANCE

Bell Financial Group maintains a directors' and officers' insurance policy that provides cover for the Directors, officers, company secretaries and senior executives in the Group. The insurance policy prohibits disclosure of the premium payable under the policy and the nature of the liabilities insured.

ENVIRONMENTAL REGULATION

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

OPTIONS

There were no options in existence over the shares of the Company or its controlled entities during the financial year and to the date of this report.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

As at the date of this report, the Directors are not aware of any matter or circumstance that has arisen since 31 December 2022 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Group's state of affairs in future financial years.

ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191, amounts in this report have been rounded off to the nearest dollar, unless otherwise indicated.

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 2022.

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

Dean Davenport
Director

16 February 2023

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 2022 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

Luke Sullivan

KPMG

Luke Sullivan
Partner

Melbourne
16 February 2023

Independent Auditor's Report

To the shareholders of Bell Potter Capital Limited

Opinions

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

In our opinion, each of 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 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The respective ***Financial Report*** comprises:

- Statement of Financial Position as at 31 December 2022;
- 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 opinions

We conducted our audits 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 opinions.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audits of the Financial Reports* 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 audits of the Financial Reports in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

Our opinion on the Financial Report do 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 Reports

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audits 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 audits of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Luke Sullivan

Luke Sullivan
Partner

Melbourne
16 February 2023

BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Consolidated Entity 2022 $ '000	Consolidated Entity 2021 $ '000	Parent Entity 2022 $ '000	Parent Entity 2021 $ '000
Finance income	5 (a)	29,111	22,171	22,818	15,590
Finance costs	5 (b)	(5,633)	(2,264)	(3,551)	(1,164)
Total finance income		23,478	19,907	19,267	14,426
Investment losses	5 (c)	(4,026)	(3,689)	(4,026)	(3,689)
Other income	5 (d)	127	158	4,349	5,641
Total revenue		19,579	16,376	19,590	16,378
Management fees		(5,087)	(4,961)	(5,087)	(4,961)
Commission paid		(4,675)	(3,028)	(4,675)	(3,028)
System expenses		(1,054)	(1,251)	(1,054)	(1,251)
Professional expenses		(744)	(602)	(731)	(580)
Other expenses		(845)	(742)	(869)	(766)
Profit before income tax		7,174	5,792	7,174	5,792
Income tax expense	6	(2,161)	(1,745)	(2,161)	(1,745)
Profit for the year		5,013	4,047	5,013	4,047
Attributable to:					
Equity holders of the Company		5,013	4,047	5,013	4,047
Profit for the year		5,013	4,047	5,013	4,047

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 2022

	Consolidated Entity		Parent Entity	
	2022	2021	2022	2021
	$ '000	$ '000	$ '000	$ '000
Profit for the year	5,013	4,047	5,013	4,047
Other comprehensive income				
Changes in fair value of cash flow hedge, net of tax	385	251	340	217
Other comprehensive income for the year, net of tax	385	251	340	217
Total comprehensive income for the year	5,398	4,298	5,353	4,264
Attributable to:				
Equity holders of the company	5,398	4,298	5,353	4,264
Total comprehensive income for the year	5,398	4,298	5,353	4,264

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 2022

		Consolidated Entity		Parent Entity	
		2022	2021	2022	2021
		$ '000	$ '000	$ '000	$ '000
ASSETS					
Cash and cash equivalents	7	23,998	52,601	23,844	32,494
Loans and advances	8	495,756	534,006	365,147	362,891
Trade and other receivables	9	3,691	2,653	89,408	101,093
Financial Assets at fair value	10	6,288	6,324	6,288	6,324
Derivative assets	16	435	179	399	179
Deferred tax asset	6	1,363	1,240	1,363	1,240
Prepayments		4	4	4	4
Investment in Controlled Entities	11	-	-	20	20
TOTAL ASSETS		531,535	597,007	486,473	504,245
LIABILITIES					
Deposits and other borrowings	12	513,434	581,100	469,434	489,100
Derivative liabilities	16	-	9	-	-
Trade and other payables	13	8,342	7,787	7,316	7,025
Provisions		350	350	350	350
TOTAL LIABILITIES		522,126	589,246	477,100	496,475
NET ASSETS		9,409	7,761	9,373	7,770
EQUITY					
Contributed equity	14	3,000	3,000	3,000	3,000
Cash flow hedge reserve	14	398	13	362	22
Retained earnings	14	6,011	4,748	6,011	4,748
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		9,409	7,761	9,373	7,770

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 2022

	Share Capital $ '000	Cash Flow Hedge Reserve $ '000	Retained Earnings $ '000	Total Equity $ '000
Consolidated Entity:				
Balance at 1 January 2021	3,000	(238)	3,951	6,713
Total comprehensive income				
Profit for the year	-	-	4,047	4,047
Other comprehensive income				
Changes in fair value of cash flow hedge	-	251	-	251
Total other comprehensive income	-	251	-	251
Total comprehensive income for the year	-	251	4,047	4,298
Transactions with owners, recorded directly in equity				
Dividends	-	-	(3,250)	(3,250)
Balance at 31 December 2021	3,000	13	4,748	7,761
Balance at 1 January 2022	3,000	13	4,748	7,761
Total comprehensive income				
Profit for the year	-	-	5,013	5,013
Other comprehensive income				
Changes in fair value of cash flow hedge	-	385	-	385
Total other comprehensive income	-	385	-	385
Total comprehensive income for the year	-	385	5,013	5,398
Transactions with owners, recorded directly in equity				
Dividends	-	-	(3,750)	(3,750)
Balance at 31 December 2022	3,000	398	6,011	9,409
Parent Entity:				
Balance at 1 January 2021	3,000	(195)	3,951	6,756
Total comprehensive income				
Profit for the year	-	-	4,047	4,047
Other comprehensive income				
Changes in fair value of cash flow hedge	-	217	-	217
Total other comprehensive income	-	217	-	217
Total comprehensive income for the year	-	217	4,047	4,264
Transactions with owners, directly in equity				
Dividends	-	-	(3,250)	(3,250)
Balance at 31 December 2021	3,000	22	4,748	7,770
Balance at 1 January 2022	3,000	22	4,748	7,770
Total comprehensive income				
Profit for the year	-	-	5,013	5,013
Other comprehensive income				
Changes in fair value of cash flow hedge	-	340	-	340
Total other comprehensive income	-	340	-	340
Total comprehensive income for the year	-	340	5,013	5,353
Transactions with owners, directly in equity				
Dividends	-	-	(3,750)	(3,750)
Balance at 31 December 2022	3,000	362	6,011	9,373

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 2022

	Consolidated Entity		Parent Entity	
	2022	2021	2022	2021
	$	$ '000	$	$ '000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES				
Cash receipts in the course of operations	38,478	43,924	17,346	82,086
Cash payments in the course of operations	(32,186)	(73,593)	(34,478)	(74,235)
Interest received	28,425	22,911	21,721	16,283
Interest paid	(5,637)	(2,249)	(3,556)	(1,163)
Net cash flows from / (used in) operating activities	29,080	(9,007)	1,033	22,971
CASH FLOW USED IN INVESTING ACTIVITIES				
Payment for investments	(3,628)	(6,971)	(3,628)	(6,971)
Net cash flows used in investing activities	(3,628)	(6,971)	(3,628)	(6,971)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES				
Repayment of intercompany borrowings	(2,305)	(2,092)	(2,305)	(2,092)
(Repayment) / Drawdown of borrowings	(48,000)	52,000	-	-
Dividend paid	(3,750)	(3,250)	(3,750)	(3,250)
Net cash flows from / (used in) financing activities	(54,055)	46,658	(6,055)	(5,342)
NET INCREASE / (DECREASE) IN CASH HELD	(28,603)	30,680	(8,650)	10,658
Cash and cash equivalents at 1 January	52,601	21,921	32,494	21,836
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	23,998	52,601	23,844	32,494

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

Bell Potter Capital Limited (the "Company") is domiciled in Australia. The address of the Company's registered office is Level 29, 101 Collins Street, Melbourne, VIC. The consolidated financial statements of the Company comprise of the Company and its subsidiaries (the "Group" or "Consolidated Entity") for the year ended 31 December 2022.

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 2023

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. Amounts in this report have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(b) Principles of consolidation

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

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

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

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

(c) Revenue recognition

AASB 15 Revenue from Contracts with Customers
AASB 15 requires identification of discrete performance obligations within a transaction and an associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of the goods or services are transferred to the customer.

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

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue recognition (continued)

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

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

(d) Statement of Cash Flows

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

(e) Income Tax

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

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

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

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

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

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

(f) Goods and services tax

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

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

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

(g) Cash and cash equivalents

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

(h) Derivatives

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

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

Derivative financial instruments are also used for hedging purposes to mitigate the Group's exposure to interest rate risk. The Group 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:

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.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Financial instruments (continued)

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

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

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

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

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

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

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

Impairment losses are presented separately in the statement of profit or loss and OCI. There were no impairment losses for the year ended 31 December 2022 (2021: 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 2022.

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 2022.

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 2022, 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 2022, 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.

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 2022 (2021: 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.

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	
	2022	2021	2022	2021
	$ '000	$ '000	$ '000	$ '000
(a) Finance income:				
Interest income on loans and advances	28,662	22,104	21,295	15,412
Interest income on bank deposits	449	67	423	67
Seller series interest revenue	-	-	405	66
Subordinated note interest revenue	-	-	695	45
Total finance income	29,111	22,171	22,818	15,590

	Consolidated Entity		Parent Entity	
	2022	2021	2022	2021
	$ '000	$ '000	$ '000	$ '000
(b) Finance costs:				
Interest expense on deposits	(3,127)	(741)	(3,127)	(741)
Bank interest expense	(324)	(355)	(202)	(295)
Interest paid to related parties	(222)	(128)	(222)	(128)
Cash advance facility fees	(1,960)	(1,040)	-	-
Total finance costs	(5,633)	(2,264)	(3,551)	(1,164)

5 REVENUE AND EXPENSES (continued)

	Consolidated Entity 2022 $ '000	Consolidated Entity 2021 $ '000	Parent Entity 2022 $ '000	Parent Entity 2021 $ '000
(c) Investment gains / (losses)				
Profit / (loss) on financial assets held at fair value through profit or loss - Geared equity investments[1]	(4,026)	(3,689)	(4,026)	(3,689)
	(4,026)	(3,689)	(4,026)	(3,689)

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 2022 $ '000	Consolidated Entity 2021 $ '000	Parent Entity 2022 $ '000	Parent Entity 2021 $ '000
(d) Other income				
Service fee revenue	-	-	362	404
Residual income	-	-	3,860	5,079
Sundry income	127	158	127	158
Total other income	127	158	4,349	5,641

6 INCOME TAX

	Consolidated Entity 2022 $ '000	Consolidated Entity 2021 $ '000	Parent Entity 2022 $ '000	Parent Entity 2021 $ '000
Current tax expense				
Current income tax charge	2,284	2,203	2,284	2,203
Deferred income tax				
Origination and reversal of temporary differences	(123)	(458)	(123)	(458)
Total income tax expense / (benefit)	2,161	1,745	2,161	1,745
Numerical reconciliation between tax expense and pre-tax accounting profit				
Accounting profit (before income tax)	7,174	5,792	7,174	5,792
Income tax using the Company's domestic tax rate of 30% (2021: 30%)	2,152	1,738	2,152	1,738
Expenditure not allowable for income tax purposes	9	7	9	7
Income tax expense	2,161	1,745	2,161	1,745

	Balance as at 1 January $ '000	Recognised in profit or loss $ '000	Balance at 31 December $ '000
Balance Sheet			
Consolidated Entity			
Deferred income tax assets / (liabilities) comprises			
2021			
Other	782	458	1,240
	782	458	1,240
2022			
Other	1,240	123	1,363
	1,240	123	1,363

	$ '000	$ '000	$ '000
Parent Entity			
Deferred income tax assets / (liabilities) comprises			
2021			
Other	782	458	1,240
	782	458	1,240
2022			
Other	1,240	123	1,363
	1,240	123	1,363

7 CASH AND CASH EQUIVALENTS

	Consolidated Entity 2022 $ '000	Consolidated Entity 2021 $ '000	Parent Entity 2022 $ '000	Parent Entity 2021 $ '000
Cash at bank	23,998	52,601	23,844	32,494
	23,998	52,601	23,844	32,494

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 2022 $ '000	Consolidated Entity 2021 $ '000	Parent Entity 2022 $ '000	Parent Entity 2021 $ '000
Margin Loans measured at amortised cost	413,955	444,119	283,346	273,004
Margin Loans measured at fair value though profit and loss	81,801	89,887	81,801	89,887
	495,756	534,006	365,147	362,891

There were no impaired, past due or renegotiated loans at 31 December 2022 (2021: Nil).

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

	Consolidated Entity		Parent Entity	
	2022	2021	2022	2021
9 TRADE AND OTHER RECEIVABLES	$ '000	$ '000	$ '000	$ '000
Subordinated note	-	-	57,580	41,580
Seller note	-	-	24,072	51,739
Trade receivables	3,621	2,648	3,621	2,648
Interest receivable	65	5	243	10
Residual income receivable	-	-	3,860	5,079
Service fee receivable	-	-	27	37
Sundry Debtors	5	-	5	-
Carrying amount of trade and other receivables	3,691	2,653	89,408	101,093

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

	Consolidated Entity		Parent Entity	
	2022	2021	2022	2021
10 FINANCIAL ASSETS	$ '000	$ '000	$ '000	$ '000
Held at fair value through profit or loss				
Options held in listed corporations	6,288	6,324	6,288	6,324
	6,288	6,324	6,288	6,324

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

	Consolidated Entity		Parent Entity	
	2022	2021	2022	2021
11 INVESTMENTS IN CONTROLLED ENTITIES	$ '000	$ '000	$ '000	$ '000
Investment in Controlled Entities at cost	-	-	20	20
	-	-	20	20

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	
	2022	2021	2022	2021
	$ '000	$ '000	$ '000	$ '000
Deposits[1]	844	1,449	844	1,449
Subordinated Debt - Bell Financial Group Ltd	8,000	8,000	8,000	8,000
Cash advance facility (refer to Note 21)[2]	44,000	92,000	-	-
Bell Financial Trust	460,590	479,651	460,590	479,651
	513,434	581,100	469,434	489,100

[1] Deposits relate to Margin Lending / Client deposits which are largely at call.
[2] Represents drawn funds from the Bell Potter Capital cash advance facility of $150m (2021: $150m).
For further information relating to related parties refer to Note 18.

Terms and debt repayment schedule

Consolidated:	2022 Effective Interest Rate	2021 Effective Interest Rate	2022 Face Value	2022 Carrying Amount	2021 Face Value	2021 Carrying Amount
Deposits	0.60%	0.11%	844	844	1,449	1,449
Subordinated Debt	2.81%	1.60%	8,000	8,000	8,000	8,000
Bell Financial Trust	0.60%	0.11%	460,590	460,590	479,651	479,651
Cash advance facility	1.83%	0.51%	44,000	44,000	92,000	92,000
			513,434	513,434	581,100	581,100

Parent:	2022 Effective Interest Rate	2021 Effective Interest Rate	2022 Face Value	2022 Carrying Amount	2021 Face Value	2021 Carrying Amount
Deposits	0.60%	0.11%	844	844	1,449	1,449
Subordinated Debt	2.81%	1.60%	8,000	8,000	8,000	8,000
Bell Financial Trust	0.60%	0.11%	460,590	460,590	479,651	479,651
			469,434	469,434	489,100	489,100

12 DEPOSITS AND OTHER BORROWINGS (continued)

Consolidated Entity — 2022

	Liabilities				Derivatives (assets) / liabilities		Total
	Cash advance facility $ '000	Deposits $ '000	Subordinated Debt $ '000	Bell Financial Trust $ '000	Interest rate swap contracts used for hedging - assets $ '000	Interest rate swap contracts used for hedging - liabilities $ '000	$ '000
Balance at 1 January	92,000	1,449	8,000	479,651	(22)	9	581,087
Changes from financing cash flows							
Deposits / (withdrawals) from client cash balances	-	(605)	-	-	-	-	(605)
Drawdown / (repayment) of borrowings	(48,000)	-	-	(19,061)	-	-	(67,061)
Total changes from financing cash flows	(48,000)	(605)	-	(19,061)	-	-	(67,666)
Changes in fair value					(376)	(9)	(385)
Other charges							
Liability-related							
Interest expense	898	143	222	3,126	-	-	4,389
Interest paid / (payable)	(898)	(143)	(222)	(3,126)	-	-	(4,389)
Total liability-related other changes	-	-	-	-	-	-	-
Total equity related other changes							-
Balance at 31 December	44,000	844	8,000	460,590	(398)	-	513,036

Consolidated Entity — 2021

	Liabilities				Derivatives (assets) / liabilities		Total
	Cash advance facility $ '000	Deposits $ '000	Subordinated Debt $ '000	Bell Financial Trust $ '000	Interest rate swap contracts used for hedging - assets $ '000	Interest rate swap contracts used for hedging - liabilities $ '000	$ '000
Balance at 1 January	40,000	615	8,000	436,861	-	238	485,714
Changes from financing cash flows							
Deposits / (withdrawals) from client cash balances	-	834	-	-	-	-	834
Drawdown / (repayment) of borrowings	52,000	-	-	42,790	-	-	94,790
Total changes from financing cash flows	52,000	834	-	42,790	-	-	95,624
Changes in fair value					(22)	(229)	(251)
Other charges							
Liability-related							
Interest expense	324	221	128	741	-	-	1,414
Interest paid / (payable)	(324)	(221)	(128)	(741)	-	-	(1,414)
Total liability-related other changes	-	-	-	-	-	-	-
Total equity related other changes							-
Balance at 31 December	92,000	1,449	8,000	479,651	(22)	9	581,087

Parent Entity — 2022

	Liabilities				Derivatives (assets) / liabilities		Total
	Cash advance facility $ '000	Deposits $ '000	Subordinated Debt $ '000	Bell Financial Trust $ '000	Interest rate swap contracts used for hedging - assets $ '000	Interest rate swap contracts used for hedging - liabilities $ '000	$ '000
Balance at 1 January	-	1,449	8,000	479,651	(22)	-	489,078
Changes from financing cash flows							
Deposits / (withdrawals) from client cash balances	-	(605)	-	-	-	-	(605)
Drawdown / (repayment) of borrowings	-	-	-	(19,061)	-	-	(19,061)
Total changes from financing cash flows	-	(605)	-	(19,061)	-	-	(19,666)
Changes in fair value					(340)	-	(340)
Other charges							
Liability-related							
Interest expense	-	143	222	3,126	-	-	3,491
Interest paid / (payable)	-	(143)	(222)	(3,126)	-	-	(3,491)
Total liability-related other changes	-	-	-	-	-	-	-
Total equity related other changes							-
Balance at 31 December	-	844	8,000	460,590	(362)	-	469,072

Parent Entity — 2021

	Liabilities				Derivatives (assets) / liabilities		Total
	Cash advance facility $ '000	Deposits $ '000	Subordinated Debt $ '000	Bell Financial Trust $ '000	Interest rate swap contracts used for hedging - assets $ '000	Interest rate swap contracts used for hedging - liabilities $ '000	$ '000
Balance at 1 January	-	615	8,000	436,861	-	195	445,671
Changes from financing cash flows							
Deposits / (withdrawals) from client cash balances	-	834	-	-	-	-	834
Drawdown / (repayment) of borrowings	-	-	-	42,790	-	-	42,790
Total changes from financing cash flows	-	834	-	42,790	-	-	43,624
Changes in fair value					(22)	(195)	(217)
Other charges							
Liability-related							
Interest expense	-	221	128	741	-	-	1,090
Interest paid / (payable)	-	(221)	(128)	(741)	-	-	(1,090)
Total liability-related other changes	-	-	-	-	-	-	-
Total equity related other changes							-
Balance at 31 December	-	1,449	8,000	479,651	(22)	-	489,078

13 TRADE AND OTHER PAYABLES

	Consolidated Entity 2022 $ '000	Consolidated Entity 2021 $ '000	Parent Entity 2022 $ '000	Parent Entity 2021 $ '000
Trade payables	4,349	3,137	4,259	3,072
Interest payable in advance	3,021	3,646	2,085	2,949
Sundry creditors and accruals	520	531	520	531
Due to related parties	452	473	452	473
Carrying amount of trade and other payables	8,342	7,787	7,316	7,025

14 CONTRIBUTED EQUITY AND RESERVES

	Consolidated Entity 2022 $ '000	Consolidated Entity 2021 $ '000	Parent Entity 2022 $ '000	Parent Entity 2021 $ '000
Ordinary shares				
3,000,000 fully paid Ordinary Shares (2021: 3,000,000)	3,000	3,000	3,000	3,000
	3,000	3,000	3,000	3,000
Cash Flow Hedge Reserve				
At 1 January	13	(238)	22	(195)
Cash flow hedge movement	385	251	340	217
At 31 December	398	13	362	22
Retained earnings				
At 1 January	4,748	3,951	4,748	3,951
Profit / (loss) for the year	5,013	4,047	5,013	4,047
Dividend paid	(3,750)	(3,250)	(3,750)	(3,250)
At 31 December	6,011	4,748	6,011	4,748

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

15 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated Entity 2022 $ '000	Consolidated Entity 2021 $ '000	Parent Entity 2022 $ '000	Parent Entity 2021 $ '000
Cash flows from operating activities				
Profit after tax	5,013	4,047	5,013	4,047
Adjustments for:				
Net loss on investments	3,664	5,295	3,664	5,295
	8,677	9,342	8,677	9,342
Changes in assets and liabilities:				
(Increase) / decrease receivables	(1,038)	2,965	11,685	35,648
(Increase) derivative asset	120	(52)	120	(52)
(Increase) / decrease prepayments	-	61	-	62
(Increase) / decrease loans and advances	38,250	(64,930)	(2,256)	(65,546)
Increase deposits and other borrowings	(19,666)	43,624	(19,666)	43,624
(Increase) deferred tax assets	(123)	(458)	(123)	(458)
Increase payables	2,860	91	2,596	1
Increase provisions	-	350	-	350
Net cash flow (used) / provided in operating activities	29,080	(9,007)	1,033	22,971

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

	Consolidated Entity 2022 $ '000	Consolidated Entity 2021 $ '000	Parent Entity 2022 $ '000	Parent Entity 2021 $ '000
Cash at bank	23,998	52,601	23,844	32,494
	23,998	52,601	23,844	32,494

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 2022 (2021: Nil).

		Consolidated Entity		Parent Entity	
		2022	2021	2022	2021
	Note	$ '000	$ '000	$ '000	$ '000
Subordinated note	9	-	-	57,580	41,580
Seller note	9	-	-	24,072	51,739
Trade receivables	9	3,621	2,648	3,621	2,648
Interest receivable	9	65	5	243	10
Residual income receivable	9	-	-	3,860	5,079
Service fee receivable	9	-	-	27	37
Loans and advances	8	495,756	534,006	365,147	362,891

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

Ageing of receivables Consolidated Entity:	2022		2021	
	Gross $ '000	Impairment $ '000	Gross $ '000	Impairment $ '000
Not past due	3,621	-	2,648	-
Past Due 0 - 30 Days	-	-	-	-
Past Due 31 - 120 Days	-	-	-	-
More than 1 year	-	-	-	-

Ageing of receivables Parent Entity:	2022		2021	
	Gross $ '000	Impairment $ '000	Gross $ '000	Impairment $ '000
Not past due	3,621	-	2,648	-
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 $ '000	Contracted Cash flow $ '000	6-months or less $ '000	6- 12 months $ '000	1 - 2 years $ '000
Consolidated Entity 2022:					
Trade and other payables	8,342	(8,342)	(8,342)	-	-
Deposits	844	(844)	(844)	-	-
Bell Financial Trust	460,590	(460,590)	(460,590)		
Cash advance facility	44,000	(44,000)	(44,000)	-	-
Subordinated Debt	8,000	(8,000)	(8,000)	-	-
Hedging derivative	-	-	-	-	-
Foreign currency swap	-	-	-	-	-
Parent Entity 2022:					
Trade and other payables	7,316	(7,316)	(7,316)	-	-
Deposits	844	(844)	(844)	-	-
Bell Financial Trust	460,590	(460,590)	(460,590)	-	-
Subordinated Debt	8,000	(8,000)	(8,000)	-	-
Hedging derivative	-	-	-	-	-
Foreign currency swap	-	-	-	-	-

16 FINANCIAL INSTRUMENTS (continued)

	Carrying Amount $ '000	Contracted Cash flow $ '000	6-months or less $ '000	6- 12 months $ '000	1 - 2 years $ '000
Consolidated Entity 2021:					
Trade and other payables	7,787	(7,787)	(7,787)	-	-
Deposits	1,449	(1,449)	(1,449)	-	-
Bell Financial Trust	479,651	(479,651)	(479,651)	-	-
Cash advance facility	92,000	(92,000)	(92,000)	-	-
Subordinated Debt	8,000	(8,000)	(8,000)	-	-
Hedging derivative	9	(9)	(9)	-	-
Foreign currency swap	-	-	-	-	-
Parent Entity 2021:					
Trade and other payables	7,025	(7,025)	(7,025)	-	-
Deposits	1,449	(1,449)	(1,449)	-	-
Bell Financial Trust	479,651	(479,651)	(479,651)	-	-
Subordinated Debt	8,000	(8,000)	(8,000)	-	-
Hedging derivative	-	-	-	-	-
Foreign currency swap	-	-	-	-	-

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

Interest rate risk

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

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

Effective interest rates

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

	Note	Average Effective Interest Rate	Total $ '000	6-months or less $ '000	6- 12 months $ '000	1 - 2 years $ '000	2 - 5 years $ '000
Consolidated Entity 2022:							
Fixed rate instruments							
Loans and advances	8	6.23%	92,950	92,252	698	-	-
Cash advance facility	12	1.83%	(44,000)	(44,000)	-	-	-
			48,950	48,252	698	-	-
Variable rate instruments							
Cash and cash equivalents	7	1.31%	23,998	23,998	-	-	-
Loans and advances	8	5.16%	402,806	402,806	-	-	-
Subordinated Debt	12	2.81%	(8,000)	(8,000)	-	-	-
Deposits and other borrowings	12	0.60%	(844)	(844)	-	-	-
Bell Financial Trust	12	0.60%	(460,590)	(460,590)	-	-	-
			(42,630)	(42,630)	-	-	-

	Note	Average Effective Interest Rate	Total $ '000	6-months or less $ '000	6- 12 months $ '000	1 - 2 years $ '000	2 - 5 years $ '000
Consolidated Entity 2021:							
Fixed rate instruments							
Loans and advances	8	4.65%	173,144	168,288	4,856	-	-
Cash advance facility	12	0.51%	(92,000)	(92,000)	-	-	-
			81,144	76,288	4,856	-	-
Variable rate instruments							
Cash and cash equivalents	7	0.10%	52,601	52,601	-	-	-
Loans and advances	8	4.20%	360,862	360,862	-	-	-
Subordinated Debt	12	1.60%	(8,000)	(8,000)	-	-	-
Deposits and other borrowings	12	0.11%	(1,449)	(1,449)	-	-	-
Bell Financial Trust	12	0.11%	(479,651)	(479,651)	-	-	-
			(75,637)	(75,637)	-	-	-

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

	Note	Average Effective Interest Rate	Total $ '000	6-months or less $ '000	6- 12 months $ '000	1 - 2 years $ '000	2 - 5 years $ '000
Parent Entity 2022:							
Fixed rate instruments							
Loans and advances	8	6.23%	59,808	59,110	698	-	-
			59,808	59,110	698	-	-
Variable rate instruments							
Cash and cash equivalents	7	1.31%	23,844	23,844	-	-	-
Loans and advances	8	5.16%	305,339	305,339	-	-	-
Subordinated note	9	1.35%	57,580	57,580	-	-	-
Seller note	9	1.35%	24,072	24,072	-	-	-
Subordinated Debt	12	2.81%	(8,000)	(8,000)	-	-	-
Deposits and other borrowings	12	0.60%	(844)	(844)	-	-	-
Bell Financial Trust	12	0.60%	(460,590)	(460,590)	-	-	-
			(58,599)	(58,599)	-	-	-

	Note	Average Effective Interest Rate	Total $ '000	6-months or less $ '000	6- 12 months $ '000	1 - 2 years $ '000	2 - 5 years $ '000
Parent Entity 2021:							
Fixed rate instruments							
Loans and advances	8	4.65%	123,250	118,394	4,856	-	-
			123,250	118,394	4,856	-	-
Variable rate instruments							
Cash and cash equivalents	7	0.10%	32,494	32,494	-	-	-
Loans and advances	8	4.20%	239,641	239,641	-	-	-
Subordinated note	9	0.11%	41,580	41,580	-	-	-
Seller note	9	0.11%	51,739	51,739	-	-	-
Subordinated Debt	12	1.60%	(8,000)	(8,000)	-	-	-
Deposits and other borrowings	12	0.11%	(1,449)	(1,449)	-	-	-
Bell Financial Trust	12	0.11%	(479,651)	(479,651)	-	-	-
			(123,646)	(123,646)	-	-	-

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 2022, it is estimated that a general decrease of one-percentage point in interest rates would decrease the Group's profit before income tax by approximately $0.2 million (2021: $0.5 million). For the Company, the impact of a one-percentage point decrease in interest rates would be a decrease to profit before income tax by approximately $0.2 million (2021: $0.5 million). A general increase of one-percentage point in interest rates would have an equal but opposite effect.

16 FINANCIAL INSTRUMENTS (continued)

Fair value of fixed loans (continued)

(a) Accounting classifications and fair values

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

Consolidated Entity:

31 DECEMBER 2022		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
		$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Financial assets measured at fair value												
Currency swaps		-	435	-	-	-	-	**435**	-	435	-	**435**
Unlisted Options	10	-	6,288	-	-	-	-	**6,288**	-	-	6,288	**6,288**
Loans and advances	8	-	-	-	-	81,801	-	**81,801**	-	-	81,801	**81,801**
		-	**6,723**	-	-	**81,801**	-	**88,524**	-	**435**	**88,089**	**88,524**
Financial assets not measured at fair value												
Trade and other receivables	9	-	-	-	-	3,691	-	**3,691**	-	-	-	-
Cash and cash equivalents	7	-	-	-	-	23,998	-	**23,998**	-	-	-	-
Loans and advances	8	-	-	-	-	413,955	-	**413,955**	-	-	-	-
		-	-	-	-	**441,644**	-	**441,644**	-	-	-	-
Financial liabilities measured at fair value												
Interest rate swaps used for hedging	16	-	-	-	-	-	-	-	-	-	-	-
Foreign currency swap	16	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value												
Trade payables	13	-	-	-	-	-	8,153	**8,153**	-	-	-	-
Deposits and borrowings	12	-	-	-	-	-	513,434	**513,434**	-	-	-	-
		-	-	-	-	-	**521,587**	**521,587**	-	-	-	-

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[1]	TOTAL
		$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Financial assets measured at fair value												
Currency swaps		-	179	-	-	-	-	**179**	-	179	-	**179**
Unlisted Options	10	-	6,324	-	-	-	-	**6,324**	-	-	6,324	**6,324**
Loans and advances	8	-	-	-	-	89,887	-	**89,887**	-	-	89,887	**89,887**
		-	**6,503**	-	-	**89,887**	-	**96,390**	-	**179**	**96,211**	**96,390**
Financial assets not measured at fair value												
Trade and other receivables	9	-	-	-	-	2,653	-	**2,653**	-	-	-	-
Cash and cash equivalents	7	-	-	-	-	52,601	-	**52,601**	-	-	-	-
Loans and advances	8	-	-	-	-	444,119	-	**444,119**	-	-	-	-
		-	-	-	-	**499,373**	-	**499,373**	-	-	-	-
Financial liabilities measured at fair value												
Interest rate swaps used for hedging	16	-	-	9	-	-	-	**9**	-	9	-	**9**
Foreign currency swap	16	-	-	-	-	-	-	-	-	-	-	-
		-	-	**9**	-	-	-	**9**	-	**9**	-	**9**
Financial liabilities not measured at fair value												
Trade payables	13	-	-	-	-	-	7,538	**7,538**	-	-	-	-
Deposits and borrowings	12	-	-	-	-	-	581,100	**581,100**	-	-	-	-
		-	-	-	-	-	**588,638**	**588,638**	-	-	-	-

1. Loans and advances measured at fair value decreased from $89,887,000 at 31 December 2021 to $81,880,000 at 31 December 2022 due to net new/repaid loans of $7,623,000 with the remaining movement due to net fair value changes.

16 FINANCIAL INSTRUMENTS (continued)

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

Parent Entity:

31 DECEMBER 2022		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
		$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Financial assets measured at fair value												
Currency swaps		-	399	-	-	-	-	**399**	-	399	-	**399**
Unlisted Options	10	-	6,288	-	-	-	-	**6,288**	-	-	6,288	**6,288**
Loans and advances	8	-	-	-	-	81,801	-	**81,801**	-	-	81,801	**81,801**
		-	6,687	-	-	**81,801**	-	**88,488**	-	**399**	88,089	**88,488**
Financial assets not measured at fair value												
Trade and other receivables	9	-	-	-	-	89,408	-	**89,408**	-	-	-	-
Cash and cash equivalents	7	-	-	-	-	23,844	-	**23,844**	-	-	-	-
Loans and advances	8	-	-	-	-	283,346	-	**283,346**	-	-	-	-
		-	-	-	-	**396,598**	-	**396,598**	-	-	-	-
Financial liabilities measured at fair value												
Interest rate swaps used for hedging	16	-	-	-	-	-	-	-	-	-	-	-
Foreign currency swap	16	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value												
Trade payables	13	-	-	-	-	-	7,217	**7,217**	-	-	-	-
Deposits and borrowings	12	-	-	-	-	-	469,434	**469,434**	-	-	-	-
		-	-	-	-	-	476,651	**476,651**	-	-	-	-

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
		$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Financial assets measured at fair value												
Currency swaps		-	179	-	-	-	-	**179**	-	179	-	**179**
Unlisted Options	10	-	6,324	-	-	-	-	**6,324**	-	-	6,324	**6,324**
Loans and advances	8	-	-	-	-	89,887	-	**89,887**	-	-	89,887	**89,887**
		-	6,503	-	-	**89,887**	-	**96,390**	-	**179**	**96,211**	**96,390**
Financial assets not measured at fair value												
Trade and other receivables	9	-	-	-	-	101,093	-	**101,093**	-	-	-	-
Cash and cash equivalents	7	-	-	-	-	32,494	-	**32,494**	-	-	-	-
Loans and advances	8	-	-	-	-	273,004	-	**273,004**	-	-	-	-
		-	-	-	-	406,591	-	**406,591**	-	-	-	-
Financial liabilities measured at fair value												
Interest rate swaps used for hedging	16	-	-	-	-	-	-	-	-	-	-	-
Foreign currency swap	16	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value												
Trade payables	13	-	-	-	-	-	6,840	**6,840**	-	-	-	-
Deposits and borrowings	12	-	-	-	-	-	489,100	**489,100**	-	-	-	-
		-	-	-	-	-	495,940	**495,940**	-	-	-	-

(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 2022 and 2021.

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 2022 $ '000	Balance 31 December 2022 $ '000	Interest paid and (payable) in the period $ '000	Highest balance in period $ '000
Andrew Bell	539	463	11	539
Lewis Bell	299	-	12	1,307
Dean Davenport	210	72	4	216
Rowan Fell	972	1,006	37	1,172

	Balance 1 January 2021 $ '000	Balance 31 December 2021 $ '000	Interest paid and (payable) in the period $ '000	Highest balance in period $ '000
Andrew Bell	404	539	11	539
Lewis Bell	101	299	3	299
Dean Davenport	176	210	6	221
Rowan Fell	861	972	29	1,190
Craig Coleman [1]	354	-	3	477

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

Loans totalling $1,541,295 (2021: $2,020,422) 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 and Lewis Bell. 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 $ '000	Closing Balance $ '000	Interest paid and (payable) in the period $ '000	Number of loans in Group at 31 December [1]
Total for key management personnel 2022	2,020	1,541	64	24
Total for key management personnel 2021	1,896	2,020	52	28
Total for other related parties 2022	-	-	-	-
Total for other related parties 2021	-	-	-	-
Total for key management personnel and their related parties 2022	2,020	1,541	64	24
Total for key management personnel and their related parties 2021	1,896	2,020	52	28

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 $64,425 (2021: $52,649). No amounts have been written-down or recorded as allowances for impairment, as the balances are considered fully collectible.

18 RELATED PARTY DISCLOSURE

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

Name	Country of Incorporation	% Equity Interest 2022	% Equity Interest 2021	Investment 2022 $	Investment 2021 $
BPC Securities Pty Ltd	Australia	100%	100%	20,002	20,002
BPC Custody Pty Ltd	Australia	100%	100%	100	100
The Bell Potter Master Trust[1]	-	-	-	-	-
				20,102	20,102

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

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

Related Parties		Amounts owed by related parties $ '000	Amounts owed to related parties $ '000	Interest received / (paid) $ '000
Parent Entity				
Bell Financial Group Ltd	2022	-	(8,295)	(222)
	2021	-	(8,287)	(128)
Bell Potter Securities Limited	2022	-	(156)	-
	2021	-	(186)	-
Bell Potter Margin Loan Trust	2022	81,857	-	1,099
	2021	93,361	-	111
Consolidated Entity				
Bell Financial Group Ltd	2022	-	(8,295)	(222)
	2021	-	(8,287)	(128)
Bell Potter Securities Limited	2022	-	(156)	-
	2021	-	(186)	-

The ultimate parent entity of Bell Potter Capital Limited is Bell Financial Group Ltd.
The loan made by the Company to Bell Potter Margin Loan Trust represents a subordinated note and a seller series note that attracts interest at 1.35% per annum (2021: 0.11% per annum).
The loan made from Bell Financial Group Ltd to the Company represents a subordinated loan that attracts interest at 2.81% per annum (2021: 1.60% per annum).
Other related party amounts are unsecured. Interest has been waived for the financial year (2021: Nil).
There are no fixed terms for the related party loans and repayments are on call.

19 AUDITORS REMUNERATION

	Consolidated Entity 2022 $ '000	Consolidated Entity 2021 $ '000	Parent Entity 2022 $ '000	Parent Entity 2021 $ '000
Amounts due to KPMG for:				
Audit of the financial report	49	45	36	34
Other services				
- audit required by regulators	24	21	23	20
	73	66	59	54

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

(b) Compensation of key management personnel	2022 $ '000	2021 $ '000
Short-term employee benefits	825	843
Other long-term employee benefits	28	23
Post employment benefits	27	27
	880	893

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 2022 $ '000	Consolidated Entity 2021 $ '000	Parent Entity 2022 $ '000	Parent Entity 2021 $ '000
The Company has access to the following lines of credit:				
Cash advance facility	150,000	100,000	-	-
Indemnity/Guarantee facility	1,000	1,000	-	-
Subordinated Debt facility	15,000	15,000	15,000	15,000
Facilities utilised at balance date:				
Cash advance facility	44,000	92,000	-	-
Indemnity/Guarantee facility	1,000	1,000	-	-
Subordinated Debt facility	8,000	8,000	8,000	8,000

22 DIVIDENDS

Declared and paid during the year	Cents per Share	Total Amount $ '000	Franked / Unfranked	Date of Payment
2022				
Company				
2022 Interim Dividend	0.67	2,000	Fully Franked	2 September 2022
2022 Final Dividend	-	-		-
2021				
Company				
2021 Interim Dividend	0.67	2,000	Fully Franked	23 August 2021
2021 Final Dividend	0.58	1,750	Fully Franked	11 March 2022

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.

Contingent liabilities of the Company exist in relation to claims and/or possible claims including regulatory matters which, at the date of signing these accounts, have not been resolved. An assessment of the likely loss to the Company has been made in respect of the identified claims, on a claim by claim basis, and specific provision has been made where appropriate. The Company does not consider that the outcome of any other current proceedings, either individually or in aggregate, is likely to materially affect its operations or financial position.

On 16 February 2022, Bell Financial Group announced that three operating subsidiaries, including Bell Potter Capital Limited, received notices from AUSTRAC requiring the appointment of an external auditor to carry out an audit of those entities' compliance with particular aspects of their obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (AML/CTF Act).

Bell Financial Group announced on 25 October 2022 that we had received a report from the external auditor for each entity and that those reports had been provided to AUSTRAC in accordance with the notice requirements. Each of the reports related to a defined period ending on 16 February 2022. Since then, Bell Financial Group has made a number of refinements to our approach to AML/CTF compliance, including updates to the subsidiaries' risk assessments and their AML/CTF program.

At this stage it is uncertain whether AUSTRAC will take any further action arising from the audit, or the nature of the action it may take if it decides to do so. Accordingly, the potential outcome and total costs and exposure in connection with the audit remain uncertain.

At 31 December 2022, Bell Potter Capital Limited had no other 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 (2021: $1,000,000) and are not recorded in the Statement of Financial Position as at 31 December 2022.

25 SUBSEQUENT EVENTS

There were no significant events from 31 December 2022 to the date of this report.

Directors' Declaration

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

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

  (i) giving a true and fair view of the Company's financial position as at 31 December 2022 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 2023